



### EUROPEAN NEWS

## 'Little alternative to policies of rigour'

BY DAVID MARSH IN PARIS

THE ORGANISATION for Economic Co-operation and Development's annual report on the French economy, published today, makes bleak reading for the freshly-shuffled Government under M Laurent Fabius.

The report makes clear the OECD's view that the Government has little alternative over the next year or so to continuing the policies of economic "rigour" introduced in June 1982 — and toughened in March 1983 — after the Socialists' ill-fated reflationary experiment of 1981 and the first half of 1982.

The OECD's scarcely comforting comment on the present period of slow French growth, declining real wages and mounting unemployment is, in effect, that France is paying for past mistakes — made not just by the Socialists, but by previous Right-wing governments too.

"For almost three decades, French growth has outstripped that of its main trading partners, the external constraint being periodically — and temporarily — lifted by currency devaluations," the OECD writes.

This solution is now "complicated", the Secretariat adds, by the degree of foreign trade exposure of the economy.

Above-average growth and inflation have been accompanied by a strong rise in import penetration in key sectors.

In industrial capital goods, the share of imports in domestic consumption (at current prices) rose to 37.5 per cent last year from 25.3 per cent in 1970.

For household appliances, the

share rose to 51.2 per cent from 28.4 per cent; for vehicles, to 30.9 per cent (17.3 per cent); and for consumer non-durables 23.1 per cent (11.3 per cent).

Unfortunately for France, this internationalisation of the domestic economy has not been accompanied by corresponding increases in industry's export performance, especially in sectors such as cars and consumer goods.

As a result of the high overall increase in the foreign exposure of the economy, the OECD says bluntly: "any depreciation (of the currency) would result in a worsening of the terms of trade and heavy pressure on domestic prices."

The OECD spells out the implications of domestic industry's loss of market share — which it terms "particularly disquieting" in the capital goods sector.

More than one-third of the advantage gained by any pick-up in the economy would go to foreign industry, which would also be the beneficiary of half of any investment increase, it says.

Added to this sombre background is the separate but related constraint posed by France's foreign debt, built up as a result of a cumulative \$21bn (£16bn) current account deficit during 1981 to 1983.

This was the biggest in the OECD area during this period, apart from the U.S. which ran a cumulative deficit of \$47bn, but which is subject to less constraint on attracting inflows.

With the foreign debt outstanding rising to 11.4 per cent of Gross Domestic Product in

	PRICES AND WAGES				
	Percentage changes on previous period, annual rates				
	1981	1982	1983	1983	1983
Consumer price index	11.3	11.8	9.6	10.3	11
Food	13.9	12.7	9.3	4.6	70.4
Manufacturers (private sector)	10.9	9.7	5.7	9.7	2.9
Services (private sector)	14.1	13.1	11.6	11.2	3.2
Public sector products and services*	17.2	18.7	9.3	4.5	7.0
Index of hourly wage rates	15.0	15.4	11.2	12.8	9.5
Index of wage rates in manufacturing	14.5	15.2	11.2	12.7	9.8
Minimum hourly wage (SMIC)	18.1	17.4	12.2	11.8	12.1
General index of salaries in the public sector	13.8	10.3	8.4	10.4	8.5
Wage costs	13.0	11.6	8.7	8.3	8.6
Total unit costs	13.7	11.0	7.9	8.7	8.4
Producer prices	12.8	11.3	8.2	8.6	8.3

\* Including energy  
Source: INSEE, Bulletin mensuel de statistique and quarterly accounts

1983 from 6 per cent in 1981, "the debt burden, though limited, would seem to rule out continued current payments deficits," the OECD says.

"In the short run, the present policy of stringency seems the only possible course."

The resurgence of the trade deficit to the first five months of 1984 demonstrated "the fragility of the progress made in 1983 and the danger of a slide in the current account if the favourable conditions that allowed the improvement in 1983 do not continue."

The OECD stresses the importance of continued action by the Government to boost company profits.

One effect of the anti-inflation policy of the past 18 months has been a far sharper slowdown in wage than price increases, leading to a

corresponding boost in corporate finances.

The rate of hourly wage increases fell from 17.5 per cent (over 12 months, allowing for shorter working hours) in the first half of 1983 to 12.35 per cent in the second half of 1983 and only 8.25 per cent in the first quarter this year.

Additionally wage agreements in the first few months of the year seem to be in line with the Government's recommendations of 5 per cent for 1984 wage growth.

"This development, which has no equivalent in previous recession phases, signals a gradual distension of the economy," the OECD says.

"The Government's price controls, on the other hand, do not appear to have affected business results adversely on average in 1983-83."

This contributed to an overall shift in the distribution of national income towards the corporate sector in 1983, although the improvement did not by far make up for the almost continuous deterioration since 1974 in the financial position of industry.

Over this period, manufacturing companies in France have faced a greater increase in wage and salary payments as a proportion of value added, a steeper rise in financial costs and a consequent sharper decline in profitability than any of the major OECD countries.

This deterioration "largely explains the poor investment performances." Despite the 1983 profits improvement, "much remains to be done in this area to re-establish a satisfactory situation."

## French Right on attack

By David Marsh in Paris

LEADERS of the French right-wing opposition stepped up their attacks yesterday on the Government's call for a wider use of referendums.

During the first day of a debate in the opposition-dominated Senate, France's Upper House, M Jean Lecanuet, chairman of the UDF party, labelled President Francois Mitterrand's proposal to amend the constitution to allow possible referendums on civil liberties as "obscure and dangerous."

The debate, with 200 out of 317 senators in attendance, opened stormily. M Andre Labarre, a Government minister in charge of parliamentary relations, raised opposition hackles by claiming that they had financed summer demonstrations against the Government's proposed private schools Bill.

The debate — on which a vote is due today or tomorrow — has a somewhat Kafkaesque ring because the Senate, which has an effective veto on constitutional amendments, was last month in favour of a referendum on the now-dropped schools Bill. Then M Mitterrand called the Right's bluff by launching a proposal which would only be finally decided by referendum — to redraw the constitution to make popular consultation on the schools issue possible.

## Bonn to tighten curb on export of chemical plant

BY RUPERT CORNWELL IN BONN

THE BONN Government is to tighten its controls on the export of industrial equipment which might be used in the production of battlefield chemical weapons.

The move, announced by the Economics Ministry in Bonn yesterday, comes in the wake of repeated reports that plant supplied by West German companies to Iraq, understood to be for the manufacture of agricultural pesticides, has in fact been used to produce chemical weapons.

The company, the Karl-Kolb concern of Offenbach, has recently confirmed that it is supplying a pesticide research unit to Iraq, but says that some deliveries are still pending.

Reuter adds: "A spokesman for the Kolb company said that Bonn had at one point applied pressure on Kolb and its pillar plant to drop its contract with Baghdad."

Contractual obligations had, however, made this impossible, he added. The equipment so far supplied to Iraq "would have to be very extensively modified" to meet new requirements.

The spokesman added that the company was examining yesterday's new regulations to determine if they affected its business with Iraq.

U.S. seeks to plug trade loophole — Page 4

## Surge in exports boosts Spanish foreign reserves

BY DAVID WHITE IN MADRID

A SURGE in Spanish exports and tourist receipts this year — both spurred by a favourable peseta exchange rate — have brought a sharp recovery in the country's external reserves, which last month reached their highest level for 2 1/2 years.

Gold and foreign exchange reserves jumped by \$965m (£742m) in July to \$44.67bn, an increase of \$3.44bn or just over 80 per cent since the beginning of the year. The figure is the highest since February 1982.

This year's trend contrasts sharply with a \$1.39bn fall in reserves in the first seven months of 1983. The total now stands 46 per cent higher than that of a year ago.

Apart from the upturn in export earnings, tourist receipts in the first half of the year were 9.8 per cent up at \$3.14bn and results for the year are now expected to exceed official forecasts.

The recovery in foreign exchange reserves is seen by the Government as favouring its campaign to reduce internal interest rates, by limiting speculative pressure against the peseta.

A lowering of bank lending rates, which has been a major point cut by major banks last month, is a key element in efforts to promote private sector investment and halt the decline in total employment.

This in turn is crucial to hopes of a successful outcome to current negotiations — which the Government is hoping to conclude in September — on a tripartite economic and social pact with unions and employers for the next two years.

## UN chief holds talks with Turkish-Cypriot 'envoy'

VIENNA — Sr Javier Perez de Cuellar, UN Secretary-General, conferred with a representative of the Turkish-Cypriot community here yesterday as part of his new initiative to settle the Cyprus problem.

Mr Necati Muzic Ertekin and the UN chief declined to talk after their initial morning meeting but were due to do so after a later meeting.

On Monday, Sr Perez de Cuellar had two similar meetings with Mr Andreas Mavromatis, the Greek-Cypriot representative.

Mr Mavromatis flew home yesterday to report to President Kyprianou of Cyprus.

A Government spokesman in Nicosia declined to give details of the UN chief's ideas other than to say they touched on "basic aspects" of the Cyprus issue.

President Kyprianou will today chair a joint meeting of representatives of the main Greek-Cypriot political parties to study the situation in the light of the Vienna talks, which will also be discussed by the island's Council of Ministers tomorrow.

Mr Rafiq Denktaş, the Turkish-Cypriot leader, vowed yesterday to maintain the independent state he had declared in the northern section of the island last November.

Agencies

## Comecon problems stir Hungarian 'concern'

BY LESLIE COLTITT IN BERLIN

A SENIOR economic adviser to the Hungarian Government, Mr Mihaly Simai, said the economic difficulties of Comecon were causing Hungary great concern and were "dragging on."

Mr Simai, deputy director of the Research Institute for the World Economy, in Budapest, made his remarks at a recent conference of Hungarian Communist officials on the future development of the economy and economic management.

The Hungarian economist said Comecon had made slow progress in developing "constructive programmes" which would bring about a change. His speech was published in an Hungarian economic weekly.

The criticism came in the wake of Comecon's summit conference in Moscow last June, which did not produce any of the reform measures advocated by East European economists.

Mr Simai said it was "vital" for Hungary to develop its relations with Comecon — its main trading partner — "more intelligently, more flexibly, and with increasing regard to the advantages and disadvantages of all parties concerned."

At the same time, he said, Hungary should join the "international centres" of high technology. Without close ties with these centres Hungary would not be in a position to use its achievements internationally. It would also be unable to take part in the global technical and economic transformation.

The Hungarian Foreign Trade Ministry has released figures showing that the country's hard-currency surplus in the first six months of this year was \$260m, almost as much as the same period last year. Hungary's deficit with Comecon was more than halved in the same period, with exports to Comecon rising 11.3 per cent, while imports stagnated.

## Poland greets easier U.S. line

BY DAVID BUCHAN IN LONDON

POLAND'S chief government spokesman yesterday called President Reagan's partial removal of sanctions on Poland "a small step, but one in the right direction" towards better relations between Warsaw and Washington.

The statement by Mr Jerzy Urban was noticeably more conciliatory than his initial criticism last week of the U.S. for not responding more fully to the Jaruzelski Government's amnesty for political prisoners.

The U.S. has restored civil air landing rights and scientific exchanges for Poland, while saying that it would drop its objection to Warsaw joining the International Monetary Fund (IMF) once a key group of 11 political prisoners had been freed. One of them, Mr Zbigniew Romaszewski, left prison yesterday.

Mr Reagan has left in force the ban on new trade credit for Poland, which the U.S. imposed jointly with Nato allies, and denial of preferential tariff status for Polish goods entering the U.S. market.

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AMERICAN NEWS

Congress in probe over government farm loan

CONGRESSIONAL investigators have begun a preliminary inquiry into details of a low-interest government loan to a business partner of U.S. Agriculture Secretary John Block...

Blood brothers... or sporting stags at bay

"WHY SHOULD we hate each other? We need each other — that's for sure." The words are those of Jurgen Hingsen...

He should be favourite for the gold, but is not, mainly because of the superior competitive qualities of Thompson, who formerly held the world record...



Michael Thompson—Neel reports from LOS ANGELES

metres. Thompson can run about 10.5 seconds, Hingsen around 10.7. A 50-point lead for Thompson.

12 noon: pole vault. Perhaps the key event, Thompson can clear 17 feet, Hingsen about 16 feet. Perhaps a swing of 70 points to Thompson.

(javelin), Mike McLeod (1000m) and Kathy Cook (400m). British did not go well for British star Steve Ovett...

Mondale set to renew attacks on Reagan over budget deficits

A CAMPAIGN, through five states, was started by Mr Walter Mondale, the Democratic Presidential challenger, yesterday...

Latin American leaders to discuss debt

Latin American presidents attending the presidential inauguration of Sr Leon Febres Cordero in Ecuador on Friday...

The meeting brings together U.S. vice-president George Bush, Sergio Ramirez of the Nicaraguan junta...

Costa Rican police clash with strikers

Costa Rican police have clashed with striking banana workers trying to prevent other workers from crossing plantations...

Early restart of Falkland talks 'unlikely'

Robert Graham interviews Argentina's Foreign Minister

AN EARLY RESUMPTION of talks between Argentina and Britain is unlikely after last month's abortive meeting in Bern...

Observers expect both sides to wait until after the UN General Assembly annual meetings in the autumn and for Argentina to conclude an agreement with Chile...

"The talks in Bern were not broken off but suspended as there was no point in continuing them," Sr Caputo said.

It is understood here that Argentina felt Britain had failed to observe a prior undertaking that the meeting would be informal.

Nicaragua lifts bulk of rules on emergency

THE NICARAGUAN Government has lifted the bulk of all the regulations relating to the State of Emergency originally introduced in 1982.

The only restrictions on civil liberties remaining in force relate to arrests directly linked to guerrilla and terrorist activities.

The move follows discussions held over the past two weeks between the seven political parties registered to fight the November elections.

Clausen says more funds needed for family planning

DEVELOPMENT in the Third World will be postponed indefinitely unless the rate of population growth falls, Mr A. W. Clausen, World Bank president, told a international conference on population here yesterday.

WORLD TRADE NEWS

Nigeria's formal offer to foreign suppliers may bypass agencies

NIGERIA will soon proceed with a formal offer to settle its trade debts with suppliers whose exports are insured by government agencies.

W. Germans improve terms of tank offer to Switzerland

KRAUSS MAFFEL, the Munich arms manufacturer, has improved the terms of its offer to sell 210 Leopard-2 tanks to Switzerland.

U.S., Canada go-ahead for naval system

THE U.S. and Canadian Governments have given the go-ahead for full-scale engineering development of an infra-red naval surveillance system designed by Spar Aerospace, the Toronto-based supplier of satellite and other communications equipment.

Work started on the surveillance system negotiations for advanced development and production have been complicated by the varying requirements of the U.S. and Canadian navies.

Debate over rupee trade with Russia

THE SUBJECT was debated at a seminar on Indo-Soviet trade here that was attended by Commerce Ministry officials, planning Commission members and representatives of trade and industry.

Greek-Soviet ties improve after accord on \$450m alumina plant

GREEK-SOVIET trade ties have taken a new turn with the signing, last month in Moscow, of the final agreement for the construction in Greece of a \$450m alumina plant, to be largely equipped and financed by the Soviet Union.

U.S. seeks to plug Iran loophole

THE Reagan Administration is examining the amendment of existing governing trade with Iran because of loopholes which have permitted the Commerce Department to authorize the export of Jeeps and aircraft parts to the country.

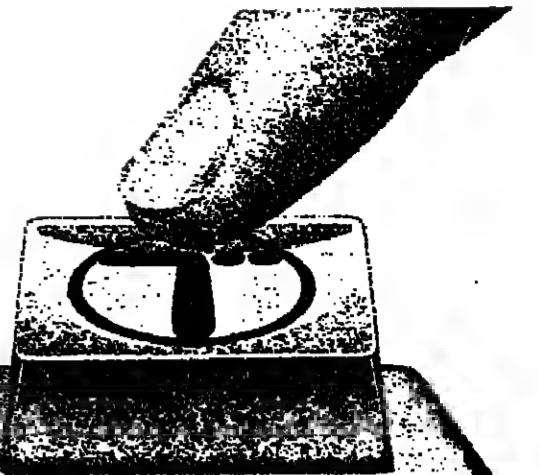
Japanese plea on unitary tax

Mr Noburu Takashita, the Japanese Finance Minister, said in a letter to Mr Donald Regan, the U.S. Treasury Secretary, requesting further efforts to abolish unitary tax imposed by some U.S. states.



Papandreu... opponent refers to marriage of convenience

# Keep pressing for gold



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# UK NEWS

## Austin lifts output with £20m investment

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER yesterday revealed details of a £20m investment at its Swindon body pressing plant that has contributed to a 300 per cent improvement in productivity. The new technology has also boosted the labour force from 3,000 to 3,400 in just 12 months.

The Swindon factory, which presses most of the body panels not only for Austin Rover's volume cars but for Jaguar, has changed beyond recognition in the past year, according to Mr. Brian Fox, the manufacturing director.

He said technologies never before seen in the UK car industry had been analysed and tested in the most rigorous of environments. "Swindon is becoming a showcase of modern press technology - among the most advanced large-scale plants of its type in Europe."

Mr Barr said the first product to feel the full effect of Swindon's new technologies would be "project XX", the executive car being developed in partnership with Honda of Japan. The car is expected to go into production at Cowley, Oxford late

next year ready for launch in the spring of 1986.

Mr Barr reported that both companies had designed and developed their own exterior and interior styles and work was already well under way at Swindon on the production of the press tools to stamp out panels for the Austin Rover derivative.

Mr David Amos, director of press and tooling, said an important factor in the productivity improvement at Swindon had been the receptive-

ness of employees to new technology and work practices.

Jean Gray construction correspondent, writes: Industrial building is tipped as the construction industry's star performer in the latest forecast from the National Council of Building Material Producers.

While overall construction output is expected to grow only 2 per cent this year the BMP is describing the growth in new industrial orders as "astounding" and expects private industrial building to grow by 12 per cent in 1984.

## Big league 'still open' in computer-aided design

BY RAYMOND SNOODY

EUROPE NEEDED to mount an international initiative in computer-aided design (CAD) if the dominance of the U.S. was to be challenged, according to a major study from Sussex University.

Mr Erik Arnold, a Sussex research fellow, argued in the first of a series of studies on new European industries that there was still a chance that Europe could enter the "big league" in computer-aided design.

To do so it would probably mean that governments would have to be "willing to cast aside their chauvinism and back the European initiative with both financial and political will."

CAD is the use of computer screens for design, often in three dimensions. It has applications in every sector of manufacturing industry.

Mr Arnold argued that many robots, particularly those used in the aircraft and automobile industries,

were so complex that they could not be designed without CAD.

CAD was a strategic building block of computer-integrated manufacturing in the factory of the future, he said.

"If Europe is to remain competitive in today's world of high technology, there is need for European capability at the leading edge of technologies such as CAD," Mr Arnold argued in the study, *Computer-Aided Design in Europe*.

Yet policy in many European countries appeared to be contradictory. Attempts to encourage the use of CAD in manufacturing industry could have the effect of strengthening the position of U.S. suppliers in national markets, making it very difficult for European companies to enter the market or survive.

Britain, France and Germany had less than half the U.S. number of CAD systems per capita, although the position was a little better in Norway and Sweden.

The U.S. dominance of a market worth \$1.5bn last year - meant that U.S. manufacturers had cheaper access to CAD technology.

High levels of European expertise in CAD design had not led to commercial success. U.S. companies had picked up many of the best "plums" through takeovers, mergers and market arrangements such as CIS (UK), which was bought by Computervision; Compeida (UK), bought by Prime Computer; and Catis (France), marketed by IBM.

Changes in computer technology were providing an opportunity for smaller European suppliers of CAD systems, Mr Arnold said.

The large U.S. companies were having to "unbundle" the hardware and software parts of their systems and sell them separately.

*Computer-Aided Design in Europe*, Sussex European Research Centre, University of Sussex, Brighton; £10.

## Distillers whisky plants to close

DISTILLERS COMPANY is to close its White Horse and Vat 69 blending and bottling plants in Glasgow and South Queensferry, near Edinburgh with the loss of 715 jobs.

It is the biggest single closure in the Scottish whisky industry for many years. Distillers said closures were necessary to enable the companies to operate more efficiently.

From March, next year, White Horse will be blended and bottled at the Johnny Walker Shieldhall plant in Glasgow, which opened in 1978. The White Horse plant at Mackie Street will close. Vat 69 will be produced at the James Buchanan plant at Stappes, near Glasgow, and the Sanderson plant in South Queensferry will close.

The whisky market has been flat since the early 1970s after a 10-year period with about 8 per cent annual growth.

● **BEECHAM**, Britain's largest consumer products and pharmaceuticals group, has received approval to sell its new antibiotic, *Augmentin*, in the U.S. The approval by the U.S. Food and Drug Administration yesterday paves the way for Beecham to make a major attack of the U.S. oral antibiotics market, worth around £1 bn.

The anticipated approval of *Augmentin* is now believed to be the major reason for the heavy U.S. buying of Beecham shares in the last week, which helped to push Beecham's shares from about 200p to over 340p this week. The shares closed last night at 335p.

● **THE INFLATION** rate and unemployment are set to increase until the end of the decade, the Henley Centre for Forecasting predicts in its latest economic outlook.

The centre is predicting slow growth of just over 2 per cent for the UK economy this year and next, falling off to about 1½ per cent a year for 1986 and 1987.

● **LONDON EUROPEAN Airways**, a new airline for business travellers, has won a licence to fly between Luton, Bedfordshire, and Amsterdam.

The licence was awarded by the Civil Aviation Authority, and London European Airways plans to start services from Luton in February next year. The aim is to carry about 30,000 passengers in its first year.

All of these securities having been sold, this announcement appears as a matter of record only.

### \$200,000,000



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The Subordinated Exchangeable Variable Rate Notes due 1994 will bear interest at the rate of 14% per annum from August 8, 1984 through October 31, 1984, and at a rate per annum for each quarterly period thereafter equal to the highest of (i) the Three Month Treasury Rate plus 300 basis points (ii) Three Month LIBOR plus 175 basis points and (iii) 104% of the Ten Year Treasury Rate. The Variable Rate Notes will be exchanged on August 1, 1990 for Subordinated Fixed Rate Notes, unless earlier so exchanged at the option of the Company on any interest payment date. The Fixed Rate Notes will mature on August 1, 1994 and will bear interest at a rate per annum, determined as of the exchange date, pursuant to a formula set forth in the Prospectus Supplement. Interest on the Variable Rate Notes and the Fixed Rate Notes will be payable quarterly, with interest payments on the Variable Rate Notes commencing November 1, 1984.

### Drexel Burnham Lambert INCORPORATED

August 1984

## Televising of Lords to begin in 1985

By Peter Riddell, Political Editor

THE TELEVISIONING of the House of Commons has been brought closer by proposals that some of the House of Lords proceedings should be broadcast as an experiment from next January.

The Sound Broadcasting Committee of the Lords recommends a six-month experiment during which the BBC and the Independent Broadcasting Authority should be allowed to televise proceedings on occasions chosen by themselves.

The committee's proposals are expected to be ratified by the House of Lords in a debate shortly after the Queen's Speech in November.

The Conservative leadership at Westminster believes that if the Lords experiment succeeds, there will be irresistible pressure from MPs to televise the Commons.

The suggestion is that MPs will not want to be upstaged by the sight of peers on their constituents' television screens. Moreover, ministers may be reluctant to see some government defeats in the Lords dominating evening news programmes.

## Court challenge to ex-Howden directors

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO FORMER directors of Alexander Howden Underwriting resigned from Lloyd's, the London insurance market, to avoid disciplinary proceedings in which they have been charged with dishonest misappropriation of Alexander Howden Group funds, it was alleged in the High Court in London yesterday.

Mr Andrew Morritt, QC, for Lloyd's, said that Mr Jack Carpenter and Mr Alan Page - two of the so-called Howden "Gang of Four" - had purported to resign on April 12 because they knew disciplinary proceedings were being started against them.

Lloyd's is opposing a claim by Mr Carpenter and Mr Page for a court ruling that Lloyd's has no jurisdiction over them because they have resigned.

Lloyd's contends that the resignations were ineffective and has refused to accept them. It also says that, even if the two had validly resigned, it would still have power to proceed against them over alleged acts committed while they were still members. Disciplinary hearings are due to begin in November.

Mr Morritt read evidence in

which Lloyd's chairman, Mr Peter Miller, said that Mr Carpenter and Mr Page had been charged with extremely serious offences and that it was of the utmost importance that the proceedings against them went ahead.

If the two were guilty it was vital in the interests of the Lloyd's market and its members that they be disciplined, and be seen to be disciplined, as quickly and efficiently as justice would allow, Mr Miller said. Equally, if they were not guilty, they should be acquitted as soon as possible.

Mr Miller said that the matters involved in the case had been the subject of extensive comment, not only in the City of London and the press, but throughout the world.

"It is vital to put an end as rapidly as possible to matters which have undoubtedly caused damage to the international reputation of Lloyd's," Mr Merritt said that if Mr Carpenter and Mr Page were correct, anyone facing disciplinary proceedings by Lloyd's could resign unilaterally and so bring the whole thing to a halt.

The hearing continues.



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there to be shared at any given time. We're living in a world where each day we are being asked to take in more and more information. So shouldn't the passing on of it be made that much easier? We should be talking to each other.



# TECHNOLOGY

## DOCTORS DISAGREE OVER PHOTORADIATION

# Debate rages over novel cancer treatment

BY PETER MARSH

DOCTORS in the U.S. and Britain are divided over the effectiveness of a novel treatment for cancer in which porphyrin dyes are injected into the blood stream and are then illuminated with laser light.

Medical workers in both countries agree that the technique, called photoradiation therapy, appears promising and warrants further study. While some doctors say large-scale clinical trials should start without delay to test the therapy on patients, others urge caution. This is on the grounds that the biological mechanism behind the treatment is still poorly understood and that the technique may produce undesirable side effects.

Leading the efforts to win acceptance for photoradiation therapy is Dr Tom Dougherty of the Roswell Park Memorial Institute in Buffalo, New York. He has set up a company called Photofrin Medical that makes the dyes used in the treatment. In the therapy, a dye called haematoporphyrin derivative (HPD) is injected into the blood stream. The chemicals lodge in or near tumours.

Radiation from red laser light, for example from an argon dye laser, interacts with the material to produce poisons which destroy the cancerous tissue.

Scientists still have to resolve basic questions about the treatment. They do not know with precision:

- The nature of the active constituents of HPD and whether other drugs, which may still have to be developed, do a better job.
- Why the chemicals reside near cancerous as opposed to normal cells.
- The mechanism that releases the poison, so killing the cancer.
- Whether the treatment may produce unwanted effects. For example, clearing out a tumour site with photoradiation therapy could leave a large cavity which does not heal. This may produce a weakened part of the body, for example a damaged membrane in the lung or bladder, that is likely to collapse.

In work that started in 1976, Dr Dougherty has produced dyes with which 2,000 cancer patients around the world have been treated. Half of these people have been in the U.S.—the rest in Europe, China and Japan. About 30 medical centres in the U.S. are experimenting with the therapy.

Dr Dougherty says that the technique is safe and effective. He appears to be happy with the model worked out for the therapy's scientific basis (see box). "You can't necessarily know everything about a form of medical treatment before you agree to use it."

Dr Dougherty does not claim that photoradiation therapy has cured anyone. As the treatment is so novel, doctors have generally applied the treatment to cancer patients only after more conventional techniques have failed and the disease has reached a terminal stage.

He says the therapy has achieved significant results in arresting cancers in localised parts of the body. Doctors have tried out the technique on cancers of the lung, bladder, head and neck, brain, skin and colon.

The best results have been from trials at Tokyo Medical College in Japan. There, says Dr Dougherty, physicians have applied the technique to patients suffering from the early stages of cancer. As a result of the work, doctors have achieved "long-term control" of the disease in some patients.

Some of the question marks over the treatment may be resolved by controlled trials just starting in the U.S. The trials will monitor about 300 patients, half suffering from bladder cancer and the rest from cancers of the lung.

For each of these two types of patient, half will be treated with photoradiation therapy, such as radiation treatment or attempts to control cancer growth with drugs. The others will undergo photoradiation therapy. This work should clarify just how well the new method works in relation to the established techniques.

Similar work may soon begin in Britain. A working party of the Medical Research Council's cancer therapy committee is due to decide by October

whether to fund British medical groups to try out the therapy on patients in controlled trials.

Until now, dyes made by Photofrin Medical have been tested on just a handful of patients in the U.K. Doctors in charge of the work have had to gain a special import licence. The materials are classified by the U.S. Food and Drug Administration as being for restricted use.

Dr Stephen Bown of University College Hospital in London argues that before the therapy is tested on people, researchers must do more experimental work to determine the mechanism that drives the treatment. He says that doctors should not devote all their efforts to HPD but should try out with photoradiation therapy other drugs that may be more effective.

Backed by the Imperial Cancer Research Fund, Dr Bown is pursuing this research by experimenting with other porphyrin derivatives. He intends to test the chemicals on laboratory rats before trying out the drugs on people.

In other work, the ICRF is supporting scientists at the Royal Institution in London who are trying to synthesise new drugs for photoradiation therapy.

According to Dr Bown, some at least of the effects of photoradiation therapy may be unrelated to HPD. It may instead be due to the laser light gently heating up the cancerous tissue. Doctors have known for years that heat of this kind kills off tumours, though the reasons are poorly understood.

Dr Bown says that laser heating without drugs may prove to be better in some cancer cases than photoradiation therapy. This is particularly where malignant cells have infiltrated deep into the body.

Where cells are destroyed by heat from a laser, the void that results is at least partially filled by a scar formed by the growth of healthy cells. This produces a stronger piece of tissue than the equivalent treatment using photoradiation therapy.

Dr Morris Ehrenbaum of London's St Mary's Hospital is



Dr Morris Ehrenbaum of St Mary's Hospital preparing to examine cells for damage after irradiation

also working on new forms of chemicals for photoradiation therapy. He says that for three reasons HPD is far from ideal. It contains only a small amount of active constituent—the rest is a mixture of other chemicals that add nothing to the treatment.

Second, the concentration of the chemicals in the mixture often varies between different batches of HPD, making de-

tailed scientific tests difficult.

Finally, HPD absorbs light most strongly (and so exhibits its greatest capacity to kill cancers) at an inconvenient place in the spectrum. This is at the "blue" end of the visible range. Unfortunately, human tissue is largely opaque to this kind of radiation. So doctors have to use with the therapy red light, which passes easily enough through tissue but is

absorbed by HPD relatively weakly.

Collaborating with Dr Ehrenbaum is Professor Ray Bonnett, an organic chemist at Queen Mary College, London. Prof Bonnett makes in his laboratory HPD as well as other porphyrins that could form alternatives to the material. He is talking to drug companies about setting up a commercial operation to sell the chemicals.

## How photoradiation therapy works

PHOTOFRIN MEDICAL, the U.S. company that is the main supplier of haematoporphyrin derivative (HPD) for medical treatment, sells the drug in two forms. Photofrin-1 is basic HPD and costs \$90 for a 30 ml bottle. (To treat a typical patient would require two bottles.)

Photofrin 2, the second product, is a concentrate of what is thought to be the main active ingredient of HPD—dihaematoporphyrin ether (DHE). One bottle cost \$130—the patient still needs two doses but is claimed to obtain a better result.

HPD is made by mixing haematoporphyrin, a commercially available chemical produced from blood, with sulphuric acid and acetic acid. HPD is thought to be a mixture of up to 50 chemicals. DHE is isolated in a chemical process, details of which Photofrin Medical wants to keep to itself.

Injected into the blood stream, DHE appears to lodge in or near cancerous cells. No one really understands why

this is so. According to one theory, the chemical is selectively absorbed by endothelial cells, the kind which form the lining of blood vessels.

Scientists think that the growth of cancer cells triggers a similar mushrooming of tiny blood vessels that feed the malignancy. As a result, the area around tumours contains a greater number of endothelial cells than most other parts of the body. For this reason, DHE appears to prefer the locality of cancer cells to other areas that mainly contain healthy tissue.

The preference of the DHE for cancer cells is, therefore, not as great as scientists would like. For instance, researchers have found that DHE is also strongly absorbed in the liver, which like tumours contain a large proportion of endothelial cells.

When illuminated by photons of a specific frequency (most doctors have used red light at 630 nanometres), the organic DHE molecule appears to break up, giving oxygen atoms in the

singlet (high energy) state. This, so researchers believe, has a disruptive effect on cell membranes.

Some medical workers think that the "poisoning" produced by these oxygen atoms does not attack the tumours themselves. Rather, the blood vessels in which endothelial cells reside may collapse, starving the tumours from blood and so destroying them indirectly.

Medical opinion is far from united over how photoradiation therapy works. But everyone agrees it may be possible to synthesise drugs for use in the therapy that work better than HPD. The chemicals would:

- Lodge in cancer cells more selectively
- Absorb strongly light to which human tissue is translucent
- Have no toxic effects
- Be capable of manufacture under controlled conditions in which the exact constituents of any mixtures are known.

EDITED BY ALAN GANE

## Photography

# Electronic still camera

CANON, the Japanese camera and office equipment group, is testing an electronic still camera at the Los Angeles Olympics.

The portable camera, designed for professional users records colour images electronically on a magnetic disc. This information can be transmitted by equipment that can convert them into television signals or send them down the telephone line.

It is similar in concept to a camera unveiled by Sony in Japan. Canon's equipment was developed in collaboration with Texas Instruments of the U.S.

## Office Systems

# Merlin's word processor

BRITISH Telecom Merlin has launched a word processor range. Designated the M400 WP series, it is aimed at the business market. Two products in the range are available one which supports dual floppy disk and another with a single floppy disk and a 10Mbyte hard disk.

BT Merlin plans to offer in future computer operating systems such as MS-DOS, CP/M-86 and concurrent CP/M-86, so that the word processor can also carry out computer tasks. More details on 0344 36661.

## Banking

# ATMs from Olivetti

PORTUGAL'S 12 leading banks are to install a network of automatic bank tellers. Supplied by Olivetti, a pilot scheme will be operating by September this year with completion of the full project in March 1985.

A total of 200 ATMs will be operating throughout the country within two years. The initial cost of the network is U.S.\$2m.

# IMI

for building products, heat exchange, drinks dispense, fluid power, special-purpose valves, general engineering, refined and wrought metals. IMI plc, Birmingham, England

## Energy

# Temperature control of 2,000 rooms

Cheltenham-based Servicon Dynamics has launched an hotel energy management system which can provide temperature control for up to 2,000 bedrooms.

The temperature in each bedroom can be separately controlled through the company's Microtec system. It continuously monitors temperature so that individual room heat can be altered from an hotel's reception desk.

The London International hotel in Kensington has 415 bedrooms connected to a Microtec system linked to the hotel's booking computer. When a guest leaves, the heating in that room is shut off. The hotel is projected to save £23,000 in heating bills in the first year. More details from Servicon Dynamics on 0242 526213.

## Astronomy

# The sky is the limit

Astronomical buffs may be interested in an education program from Mirrosoft called Star Seeker. Published in association with the London Planetarium it shows the most prominent stars in the night sky from any point on the Earth's surface.

Data on individual stars, constellations and the rotation of the Earth are all available on the BBC B micro-computer with versions for the Spectrum and Commodore 64 coming out in the autumn. Price of the program on cassette and disk are recommended at £9.95 and £12.95, respectively.

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THE ARTS

Television/Christopher Dunkley

The star-spangled banner envelops the screen

There is a story circulating inside Channel 4 and spreading to parts of ITV that commercial television has managed to win from the BBC the five-year contract to cover domestic athletics from April 1985...

In the U.S. at present coverage of the Olympic Games by commercial television in the shape of ABC who paid \$225m for exclusive coverage is so pro-American that one Olympic official remarked: "It's hard to tell at some points that there are athletes from other countries in the Games."



The great American global soap opera includes the Olympic gold rush of Carl Lewis (left) in the sprint events and Ed Moses in the 400 metres hurdles. Meanwhile, on another channel, space invaders are repelled by a former news cameraman in "V"

This sounds like a wonderful mixture of five parts hypocrisy and four parts self-delusion with one important addition: there are two important reasons for ITV clinching the deal...

These of us watching in Britain could tell them. Despite being fed ABC's choice of pictures (very largely) and despite Britain's dismal showing in the Games...

What have they chosen to show instead? First *Madib*, which they described as "a two-part film drama" but which the rest of us would see as a short, high-budget American soap opera with all the intellectual depth of a pot of lip gloss.

U.S.A. (screaming police cars, nude couples in a Jacuzzi, coke snorting and so on) and then like the News of the Globe expressing shock and horror about a spread of dirty pictures even as it prints them...

Meryl Streep to star in *Plenty* David Hare's *Plenty*, first presented at the National Theatre in 1981 and subsequently seen in New York where it won numerous awards...

Lena Horne/Adelphi Michael Coveney The First Night audience for *Lena Horne: The Lady and Her Music* was demonstrative even by predictable First Night standards.



Lena: vocal artistry unimpaired by the years.

Arts Guide Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts happens each Friday.

On Your Toes (Virginia): Gaius Fano-va with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1938 send-up of Russian ballet...

On Your Toes (Virginia): Gaius Fano-va with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1938 send-up of Russian ballet...

Romeo and Juliet/Covent Garden

Jonathan Cope, making his debut on Monday as Romeo, gave us a sketch for the portrait of the hero as a very young man. This first performance, from an artist only in his second season with the company, was understandably immature.

Tales of Arabia/New End

The former mortuary in Hampstead pluckily continues to present live entertainment. This patchwork of Arabic dance and readings from Arabist authors of the contemporary scene resembles a cross between an illustrated lecture and a kaleidoscopic radio programme.

New home for Leeds Playhouse

After several years of uncertainty concerning its future, the Leeds Playhouse has been given a site near the city centre by the Leeds City Council and a grant of £1.2m by the West Yorkshire County Council.

FT writers select their personal Top Ten The courses that come up to par

CHOOSING the twenty best golf courses in the world is difficult enough. Trying to cut down that list to ten is well nigh impossible without causing much anger, resentment, controversy and even ridicule.

Peninsula is quite simply, as Robert Louis Stevenson found when he settled there, the most widely majestic place on earth. To play golf there is difficult in terms of concentration because, apart from the terrain, sea otters, sea lions and even giant whales frolic offshore.



Top Ten Golf Courses

- Muirfield Woodhall Spa Royal County Down Ballylunion Pine Valley Shinnecock Hills Pebble Beach Augusta National Pinehurst Number Two Royal Melbourne

# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
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Wednesday August 8 1984

## Tough brief for Fabius

**POLITICAL** considerations have forced President Mitterrand to change the packaging of his economic policies, but the shape of the product within remains heavily constrained by reality.

The new presentation involves a new team of ministers chosen to hold the Socialist party together in the wake of the Communist Party's departure from the Government. Their reputations—the loyalty to Mitterrand of the new Prime Minister, Laurent Fabius, and Finance Minister, Pierre Berégovoy, together with the left wing outspokenness of the Education Minister, Jean-Pierre Chevènement, and the Interior Minister, Pierre Joxe—are supposed to reassure the socialist faithful. The policy statements—so far—of the new Prime Minister are designed to woo the political centre in his commitment to continue the fight against inflation and progressively to free businessmen from government interference.

### Competitive

The economic reality with which the new team will be grappling is well described in the latest OECD economic survey of France. The report gives the old team credit for restoring the internal and external finances of the country to a sustainable path after the ill-advised dash for growth in the early months of Socialist administration. But it warns the new team it must stick to this path and avoid "premature stimulation" of the economy, because the containment of French inflation still appears fragile and the country's external payments position vulnerable.

The most interesting part of the latest OECD review is the explanation of this vulnerability. France's ability to grow as an economy is limited by the fact that its industrial structure tends to be old, and its ability to export, or meet an import challenge, tends to be weak, in precisely those products for which demand grows rapidly when growth is robust. Broadly speaking, France is relatively modern and export orientated in the production of capital goods but becomes weaker in both respects as it approaches the consumer. The OECD report explains how France managed to sustain above-average growth for a long time and remain generally competitive by means of devaluation. But a point has been reached where the product mix rather than the price, needs adjusting if France is to continue to pay its way in the

world. The politically testing implication is that the successful moves towards balancing France's books and controlling inflation are only the first step in restoring real growth to French incomes. The next step is the allocation of resources within the French economy to produce more of the goods that France's internal market and export customers need. This is, of course, a thoroughly modern challenge faced by many other Western countries, but it poses particular problems to the traditional style of French dirigisme, particularly when a supposedly socialist president is at the helm.

### Flexibility

Profitability is part of the problem. The OECD attributes the ageing of France's industrial base squarely to the severe erosion of French corporate profits relative to the industries of other OECD countries. The French Government has acknowledged this problem but the OECD says "much remains to be done in this area."

One suspects that the structural mismatch described in the report also derives from a French tendency to see industry in terms of big companies, big projects and big export contracts, all taking shape under the benevolent guiding hand of government, rather than as a diversity of enterprises developing independently and in unpredictable directions as markets, technologies and the nature of the competition change.

It will be interesting to see whether the government of Laurent Fabius, an impeccably qualified young socialist technocrat, will be able to emphasise the individual profit motive in France, de-emphasise the Government's commitment to what are recently nationalised enterprises, and gradually introduce the wage and price flexibility needed to show up more clearly the winning and losing sectors of the economy.

It is to put it mildly, a tough brief in a government newly manned with left wing ministers and no longer protected from attack from the far left by the complexity of the Communist Party in Government. The "union of the left" gave the former Finance Minister, Jacques Delors, extraordinary protection as he set about rebalancing the nation's books. Fabius, who finds himself exposed to fire from every side as he presides over a shake-out in French industry.

## Labour rethinks defence policy

ARGUMENTS about defence, like arguments about Europe, have dogged the British Labour Party for at least the last 20 years. The party leadership has admitted that the failure to put together a coherent policy was one cause of Labour's dismal performance in the last general election. The Tories, too, have had their problems: three Defence Secretaries since Mrs Thatcher became Prime Minister, and continuing difficulties about matching expenditure to commitments. It is therefore welcome that Labour has tried to assemble its thoughts in the statement, *Defence and Security for Britain*, published this week.

The document has some good points. There is a recognition that defence policy cannot be conducted in a vacuum. There is an acceptance of the need to maintain British troops in West Germany and of collective security within the Atlantic alliance. It does not promise massive cuts in spending, and indeed foresees very few at all in the short term. There are several calls for closer cooperation with Britain's European partners and there is a quite proper emphasis, missing sometimes from Tory statements, on arms control.

### Dilemma

The main theme is a move towards non-nuclear defence. Yet here, too, is the central dilemma. How can a country that belongs to an alliance ultimately dependent on nuclear weapons itself renounce having anything to do with them? That is the question which the statement fails satisfactorily to answer.

It is necessary to distinguish between British nuclear weapons and alliance nuclear weapons. Renunciation of the first, which the Labour Party has now fully embraced, makes a certain amount of sense, though many people will disagree. They are not central to the alliance, it would be an act of suicide to use them, and the Trident replacement of the Polaris nuclear force is proving more expensive than originally forecast.

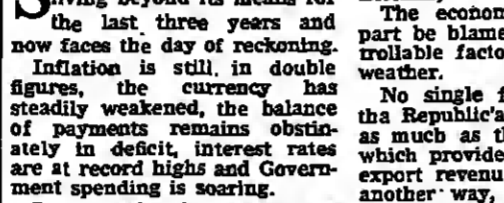
It is a large leap from there, however, also to renounce all American nuclear bases. There are two major illusions, one about the functioning of an alliance and the other about the nature of nuclear deterrence.

For all the protestations about the need for an agreed policy with Labour's sister parties in Europe, what this seems to come down to is mainly the Greeks. There is no mention of the French, whose socialists are actually in power and hold quite different views on defence, or of the West Germans, whose socialists are not only out of power but also divided. There is a socialist Prime Minister in Italy. None of the governments of these three mainstream European countries has come down in favour of non-nuclear defence. Thus for a British Government unilaterally to renounce alliance nuclear bases would be to risk disrupting the entire alliance system with untold political consequences.

The illusion about deterrence emerges in Labour's advocacy of non-first use. The whole point about deterrence, as Mr Denis Healey used to explain very well, is that the possession of nuclear weapons produces sufficient uncertainty in the mind of a potential aggressor that they might be used; aggression therefore does not take place. The doctrine of non-first use, which Labour has also announced, is meant to provide deterrence all the way down the line. A declared policy of non-first use would determine the whole basis. It is out of the question in present circumstances.

There are one or two other points in the statement which are either spurious or seem to have been put in to make the Party seem respectable; for instance, the new emphasis on conventional defence. It is not at all clear why Britain needs to spend more money on defending its coast; Britain is not in the front line, and is unlikely to be so. Still, there should be no more internal wrangling. Everybody now knows what the policy is.

## SOUTH AFRICA'S ECONOMY



**SOUTH AFRICA** has been living beyond its means for the last three years and now faces the day of reckoning. Inflation is still in double figures, the currency has steadily weakened, the balance of payments remains obstinately in deficit, interest rates are at record highs and Government spending is soaring.

Last week the authorities acted. The Reserve Bank increased its rediscount rate by 3 per cent to 21.75 per cent, the commercial banks promptly lifted prime overdraft lending rates from 22 per cent to a record 25 per cent and hire purchase terms were tightened.

It was a dramatic start to the reign of the Republic's new Finance Minister, Mr Barend du Plessis, who took over from Mr Owen Horwood in June. Unmoved by the inevitable protests from businessmen, bankers and consumers, du Plessis set out his objectives: to curb consumer spending, cut imports, reduce inflation and strengthen the rand.

### Economic woes can be blamed on gold and weather

Improved education, health and social services.

For black South Africans these constitutional changes mean little. For them the only constitutional outlet remains the 10 so-called homelands. But even maintaining this facade of independence is an increasing burden on central government.

Further afield, there is no early prospect of a settlement in Namibia (South West Africa) which receives R370m a year in direct budgetary aid and where the 18-year-old guerrilla combatants now cost an estimated R500m (US\$75m) annually in defence outlays.

Nor has the non-aggression pact signed with Mozambique last March brought a reduction in overall defence spending, which rose to 21.5 per cent of this year's budget. (This compares to 18.5 per cent in Britain.)

The economic woes can in part be blamed on two uncontrollable factors: gold and the weather.

No single factor determines the Republic's economic health as much as the price of gold, which provided 48 per cent of export revenue last year. Put another way, for every dollar the price changes, South Africa gains or loses R30m a year. Hence the fall from the 1980 peak of \$850 an ounce to the current level of \$340 has proved highly damaging.

The gold mining industry itself has been cushioned by the Rand's steady fall. Back in 1980 when the average London gold price was \$612.94 the gold mines generated record revenues of R10.19bn. By 1983 when the price was 30 per cent lower at \$424.31 the mines revenues were only slightly down at R10bn.

However, the declining Rand failed to protect the balance of payments from a growing propensity to imports. The country's R3.82bn current account surplus in 1980 was converted into a deficit in the following two years. This was reversed briefly in 1983, but since late last year, South Africa has again been registering regular monthly current account deficits.

Ever since the price plummet began, South Africa's planners have placed their hopes for economic recovery on the belief that gold would bounce back. The Government was also counting on increased demand and higher prices for South Africa's other raw materials as the major industrial nations emerged from recession. But neither transpired.

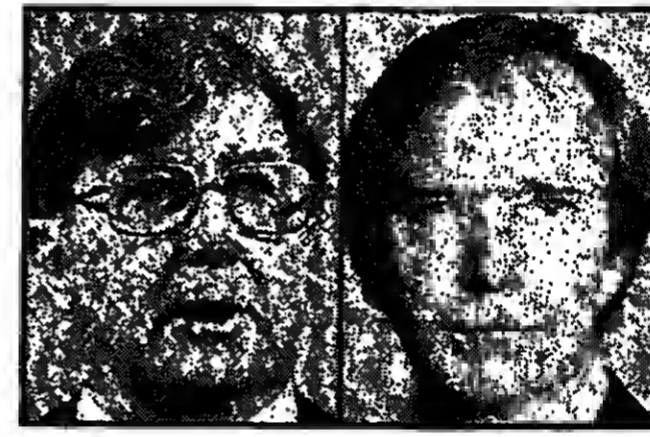
The consequences might still have been manageable had it not been for the second major blow — the worst drought of the century, which in one way or another has cost over R1bn this year alone.

In normal years, the Republic is a net exporter of agricultural products and earns almost R1bn annually from foreign sales of unprocessed products, including maize and wool.

For the past two seasons the drought has almost destroyed the maize crop, forcing the import this year of some 4m tons of this staple food for the country's black population at a cost of about R800m.

## A dose of medicine as austerity bites

By Jim Jones in Johannesburg



Owen Horwood (left) who handed over the Finance portfolios to Barend du Plessis (right) in June.

its ability to help. Last week's package included a 3 per cent increase, from 19 to 22 per cent, in the rate at which the Reserve Bank will discount land bank bills — causing an immediate 10 per cent rise in the Land Bank's terms for farmers.

The strain of the gold slump and the drought has been borne by the currency. Three years ago the rand was worth more than \$1.80. Since then it has almost halved to around 65 cents.

But nature and the market were not solely responsible for the drop. In February last year the authorities decided to abolish the spread that existed between the commercial rand and the financial rand — the latter being a special investment rate for non-residents. The financial rand discount en-

couraged foreign investors to keep their capital in the Republic.

Once the two rates were merged, some foreign investors decided to liquidate all or part of their South African assets. This outflow added further pressure on the rand. But instead of allowing interest rates to rise to counteract the negative effect of the capital outflow (over R0.5bn), the Reserve Bank, on the contrary, steadily relaxed constraints on the lending ability of the commercial banks, while simultaneously pegging maximum interest rates.

The outcome was predictable: a consumer spending boom, which sucked in imports, helped create a major balance of payments deficit, and has reversed a decline in inflation.

In contrast to most of South

Africa's major trading partners, inflation has picked up. After peaking at 16.2 per cent in May 1982, it dipped briefly below an annual increase of 10 per cent last February, the best for several years.

But in June this year the inflation rate was running at an overall 11.7 per cent, with the food index even higher at 13.7 per cent. July's rate will almost certainly be higher as the index will incorporate the effects of a July 1 increase in the general sales tax levied on many goods, from 7 per cent to 10 per cent.

Government spokesmen have placed part of the blame for inflation's advance on the Rand's exchange rate decline. Critics in the business community say there is more to it. The Reserve Bank, they point out, has failed in all its attempts to halt the growth in money supply.

In May this year, the last month for which figures are available, the M2 money supply was R32.1bn, 19.2 per cent higher than in the same month of 1983. The more narrowly defined M1 measure stood at R20.5bn, 32 per cent higher than the year-ago figure.

Most worrying is the fact that this reverses the gradual fall in the money supply growth rates over the past few years. At the end of 1981, M2 was 28 per cent higher than end-1980, 17.4 per cent in 1982 and 16.5 per cent in 1983.

The reasons for the particularly high money supply increases are the conventional ones: government spending has persistently exceeded budget for the past five years, despite regular Cabinet commitments to greater financial rectitude.

Thus although direct and indirect taxes have been increased over the past year, the purpose was more to make provision for government over-spending than to curb consumer outlays. And the consumers themselves spent rather than saved — the ratio of savings to personal disposable income fell from 11.3 per cent in 1980 to its current low of 2.3 per cent.

Last week government declared that it had, in effect, turned over a new leaf. "It is intolerable," declared Barend du Plessis, who had been shifted from the education portfolio, "that South Africa should have an inflation rate several times that of its main trading partners." The package introduced "harsh," he said. "But this kind of medicine is necessary to produce the right kind of results."

Although the Rand strengthened after last week's measures,

local business reaction has been generally unenthusiastic. Mr Bill Yeoward, the president of the Association of Chambers of Commerce (Assocom), forecasts higher unemployment, more insolvencies and lower profits "in virtually all sectors."

"It is a pity that government has waited so long — too long — to introduce its austerity measures," says Mr Rod Ironside, president of the Federated Chamber of Industries. "Business has been warning government for many months that the economy was on the wrong route."

The banking community is also doubtful that the measures will help the balance of payments by making it more attractive for South African borrowers to look abroad.

Though South African interest rates have been higher than those in most western countries both the banking sector and private sector borrowers were taken completely unaware by the rand's sharp decline this year. As a result many companies and at least one of the banks are nursing major foreign exchange losses on foreign borrowings, and are reluctant to compound their difficulties by increasing their foreign exposures.

Looking at the broader impact of the measures, most bankers take a pessimistic view. "The new level of interest rates," says Mr Chris Ball, managing

### Whites' grumbles unlikely to move Government

director of Barclays, "which is not market-related and which is being imposed on the community without consultation with the banks, will be extremely damaging to households, farmers, commerce and industry."

Mr du Plessis is unlikely to be moved by grumbles from a white community whose standard of living is being steadily eroded. If the inflation rate does not drop, he said at the weekend, "we will have to keep on trying."

Farhaps fortunately for Government, the views of the white electorate will not be tested at the polls — elections need not be held for four years. And black South Africans, increasingly hard hit by rising unemployment and increases in prices of their staple foods, have no effective voice.

## BSR's line to the City

BSR is grappling with a communications problem. Many of its shareholders live in Britain; but the company switched tax domicile recently to Hong Kong, and the Island Revenue would be none too happy if chairman Bill Wyzie, and his lieutenants, Brian Christopher and Neil Stewart, kept popping over to the UK for board meetings. How, then, to tell the expectant Stock Exchange about profits and dividends?

As the advert suggests, if it can be said, phone instead. And financial hacks and stock brokers' analysts will be piling into the offices of Rowe & Pimman, one of BSR's London brokers, early on August 15 to go through the interim figures with Wyzie and his colleagues from the mid-afternoon distance of Kowloon.

The telecom hook-up will be provided by Cable & Wireless, another London company with extensive Hong Kong connections.

The Hong Kong executives will only be heard, not seen. The costs of hiring a television studio and transmitting pictures by satellite over the intervening thousands of miles were so daunting that BSR decided to defer consideration of the fully audio-visual treatment for the City's analysts until the full year's figures are ready in six months' time.

But the technical wizardry involved is likely to appeal to a maker of advanced micro-computer power supplies and integrated circuits, and it must be a good bet that BSR will pick up the tab at the end of the year and let every Hong Kong picture tell its story.

## Men and Matters



"You applied for Jaguar shares in his name — now you tell him he wasn't allocated any"

agency, Senior Secretaries, which she founded in New Bond Street 18 years ago.

The deal, which involves two City institutions (male), brings Eustace agreed a divorce. She sold her company in 1973 to Crown House, the engineers and table glass makers, for £120,000. "I was just getting married and was looking forward to becoming a lady of leisure," she explains.

But a tearful life, it turned out, was not for her. Crown made her an offer she could not refuse, to stay on as managing director. Since then, Senior Secretaries has opened offices in the City and Brussels, and seen profits grow to £270,000 last year on a £2.5m turnover.

When Crown sold one of its peripheral businesses last year, Eustace realised: "I couldn't see a future for Senior Secretaries with men in the long-term and I didn't want to be

## Family grocer

Supermarket boss James Gulliver, whose Argyl group owns Presto and Lipton and now bids for Hinton, is apparently encouraging his youngest son to take an interest in the business.

Fifteen-year-old Iain, youngest of five children, is spending two weeks of his school holidays working at Argyl's headquarters in Hayes, Middlesex, on a business appreciation course.

Though the son of a Scots grocer, James Gulliver's career in the food industry was unplanned. He took an engineering degree at Glasgow University, and after a spell at Harvard Business School got his first job as a general management consultant with Urwick Orr.

It was quite by chance that, in his ambition to be a chief executive, he went to a construction subsidiary of Fine Fare, where he caught the eye of the late Garfield Weston. The rest, as they say, is history.

## Black guard

The predominantly black Federation of South African

## War bonds

A Kampuchean resistance group, the non-Communist KPNLF, is driving people to sponsor a guerrilla for \$40 to help "liberate the Khmer motherland."

For only \$10 a month for four months, it says a donor can equip "one needy and deserving KPNLF combatant" with uniforms, underwear, socks and shoes, a plastic sheet, knapsack, and a nylon hammock.

In return, the sponsor is promised a letter of thanks and a photograph of his very own guerrilla, as well as "the satisfaction of having contributed directly to the liberation of the Khmer motherland from the Soviet-bankrolled Vietnamese aggressors."

EEC STEEL INDUSTRIES

# At last, Davignon is confident

By Ian Rodger

"THE STEEL problem is now under control."

That, it seems, is the valiant message from Viscount Etienne Davignon, vice-president of the European Commission, whose term ends this year. For eight years he has been struggling to nurse the Community's oversize steel industry back to health.

"This is the first time I have been able to say that," he said in an interview with the FT last week. "I still tremble every day and I will not be satisfied until we get to the end, but I think we will get there."

He was referring to December 31, 1985, the date by which EEC governments have agreed to stop subsidising their steel companies unless the Community can find a sufficient number of plants will have closed so that supply and demand will return to a reasonable balance. That, in turn, will enable the Commission to withdraw from managing steel production and prices.

But past experience suggests this is still a tall order. Some countries may want more time to handle the pain of plant closures. Low cost imports from countries outside the Community are likely to remain a problem, and some companies may find it difficult to compete in a free market again.

Speculation about what will happen in January 1986 will soon change into concern. Steel companies know that, within only a few months, they will be faced with customer queries about steel prices for the first quarter of 1986.

Viscount Davignon's optimism is based on his view that EEC governments and steel companies have finally realised the urgency of solving the crisis and have accepted that there is only one way to do it.

The EEC steel problem is simply one of overcapacity. Major investments in the early 1970s, combined with the loss of former colonial markets and the general decline in local markets, have left too many mills making too much steel.

The Commission concluded in 1982 that about 30m of the Community's 170m tonnes of capacity had to be closed. By June last year, however, only 18.4m tonnes had been closed. Some assisted closures to avoid job losses in depressed areas, especially West Germany, felt the burden

"If you take a patient out of hospital, you don't expose him immediately to people with horrible diseases just to see if he will become ill again"

VISCOUNT DAVIGNON  
vice-president,  
European Commission



should fall mainly on inefficient or state support companies in other countries.

The inability of governments to agree on cuts undermined confidence in the entire steel regime, causing a severe depression in prices. The combined losses of the French, West German, Italian and British steel industries last year exceeded £2bn.

Concerned by the high cost of this market breakdown, Community industry ministers met in January and quickly agreed to the Commission's revised demand to close nearly 27m tonnes of capacity. In a further effort to stabilise the market, they approved production and price controls to the end of 1985, rather than just for six months at a time as they had done previously.

Even so, sceptics suspected that the new resolve would soon collapse. Viscount Davignon himself was cautious, predicting in February that a few companies would still be in a "hazardous" position in December 1985. However, there is no sign of a recurrence of last year's drastic deterioration in the market, and he is confident that the outlook for most companies is bright.

"Some will be more fragile than others, but even they will have a chance. If we get to the end of 1985 with some companies feeling they don't have a chance, we will have failed." He notes that some producers are cutting even more capacity than demanded by the Commission. Thyssen, for example, is closing 4.5m tonnes, an amount

In the longer term, Viscount Davignon is concerned about whether the European steel companies will be able to raise the funds they need to continue developing new products and processes, a challenge that reinforces the urgency of getting the industry back to a commercial footing.

He insists that no government has indicated, either officially or unofficially, that it wants to extend its closure programme beyond 1985. The Commission is remaining firm in its refusal to endorse any corporate restructuring plan that does not appear sufficient to return the company to viability by the end of 1985.

However, he does not believe that the steel market will open up completely in 1986. "If you take a patient out of hospital, you don't expose him immediately to people with horrible diseases just to see if he will become ill again," he says.

"You cannot predict what the problem will be, whether it will be imports from third countries or production levels or exports or prices. Indeed, it would be foolish to predict because you would not be able to get it wrong. The idea will be to watch and see what the problem is at the time and provide help in that area alone."

Some analysts suggest that even if EEC steelmakers start out on a more or less equal footing in 1986, their performance will soon diverge because of varying national inflation rates. Some governments will refuse to allow their weak steel companies to go to the wall and so the Commission will be obliged to intervene.

Viscount Davignon dismisses this, pointing out that every producer has certain advantages and certain handicaps on costs and has to make the best of them. "They can't have their cake and eat it too."

Another potential problem is that the major EEC producers, having become accustomed to agreeing production and price levels among themselves for certain products, will find it hard to go back to full competition. Viscount Davignon says that they never set prices together before 1977. "They were not virgins."

"If we have problems after the end of 1985, we must not let the steel companies sort them out secretly for themselves. If something has to be done, it must be done openly."

Wages and Jobs

# It's no heresy to talk to the unions

By David Basnett



question about capital costs and productivity.

If low pay—just like that—really was the basis on which the UK could compete with other advanced countries we would already be in the lead. Real wages and real unit labour costs are of course vitally important, but by refusing to discuss how investment and output can be made to grow, Mr Brittan leaves cuts in living standards as the only available economic policy prescription—certainly in the short term. We all know what Keynes is precisely this context said about "the long run."

His second proposition is that countries with low rates of unemployment, such as the U.S., and real pay restraint perform better in terms of job creation. Yet for much of the period when U.S. average real wages were falling, unemployment was rising. Only when fiscal policies there became expansionary did unemployment fall and, very much to the point, it has fallen rapidly in the Financial Times strongly unionised industries such as construction and automobiles. So the level of demand is the real issue there.

Moreover, as numerous other articles in the Financial Times have demonstrated, the U.S. long-term job growth record is intimately—if to some readers paradoxically—related to its poor productivity performance. To propose a low productivity of heavily manufacturing labour costs (in turn begging the

Economic Review argued, to be confused with the cure. This is for Samuel Brittan a spectacular own goal.

It is true that on average real product wages (in the technical sense which most readers may not appreciate) have remained static or fallen in the U.S. over the past decade. Yet this marks the fact that the average was reduced by the entry of new groups of low-paid workers into the labour market. Their wages and conditions—low and exploitative—are surely not what Mr Brittan believes we can emulate in terms of immigration and the uprooting of communities. They were, maybe, an advance for a typical Mexican immigrant, but this is quite different from cutting the wages of those already in work, which would both cut effectively demand and represent a backward step in our economic and social development.

The fact is that a two-tier labour market and a low wage ghetto go together with low status, insecurity and inefficiency. Low-paid workers are inadequately trained and they are given little or no responsibility or prospect for advancement. Their talents are therefore ignored and their potential contribution to the economy's performance is wasted. Isn't that the real challenge?

Mr Brittan's third proposition, following logically from the first two, is that the responsibility for unemployment does

not lie at the Government's door. This message will undoubtedly be a comforting one for Government ministers and their advisers.

For the rest of us, ignoring the expressed intention of Hayekian economics, it suppresses the real aim of Mrs Thatcher. This is the "twin track" approach of bashing the unions through unemployment, then bashing them again through stage upon stage of anti-union legislation.

The least that we can expect is that a Government which has been in power for five years and which has presided over the most alarming fall in production and rise in unemployment since 1929-34 should start to accept responsibility for the consequences of its actions.

It is this Government which said that the answers to our economic problems were straightforward and simple. It is the trade union movement which has constantly warned that economic decline would be the price of setting out to confront working people and attack their living standards.

I find it chilling that the intellectual supporters of the Government are so unafected by the miserable experience of the past five years that they can now offer us only an intensification of these policies.

The question to which we must come back is what sort of society does Britain want? How, in a free society, do we achieve technological and industrial adjustment in ways which strengthen our economic performance rather than throw people and communities on the scrapheap? In a paradoxical way, articles like Mr Brittan's may help to produce the due reaction against current dogma. I do not believe that the British people want a future built upon a deliberate intensification of the insecurity, inequality and exploitation which already exists for a large section of our community.

The facts about the waste of our economic resources over the past five years are now beginning to surface. The desperate attempt to try to blame it all on trade unions won't wash any more.

The real debate is the one Mr Brittan shies away from: Britain works well when a strong democratic trade union movement works closely and negotiates solutions with the Government of the day on such questions as income distribution and the level of demand in the economy—a Government which accepts the legitimacy of our role and the need for such agreements. But for Samuel Brittan and Mrs Thatcher that still remains, above all, the heresy.

The author is chairman of the TUC Economic Committee and general secretary of the General, Municipal, Boilermakers and Allied Trades Union.

## Water engineers at work

From the Deputy Chairman and Chief Executive, South West Water Authority  
Sir, Mr Morton (August 7) not only lives within a short distance from the Carstington reservoir scheme now under construction, but if I read my records correctly actually took part in one of the four public inquiries held before the scheme was approved.

He is, therefore, in a very good position to know that his simple statement, "the scheme is dominated by engineers" is at best only a partial truth.

The development of demands and their assessment, feasibility studies, design of solutions and eventual operation of schemes are substantially carried out by engineers and after all this is what they are trained to do. Mr Morton ignores the fact that not only are clients drawn from a wide range of disciplines, but at all levels the proposals of the water planning engineers are subjected to the most rigorous examination by statisticians, economists and environmentalists among others, and much of this examination is conducted in public.

In the case of Carstington there were four public inquiries and if Mr Morton had taken the trouble to recall those proceedings he was involved in or to have looked through the reports of the proceedings he would have found that economic justification as well as environmental protection were the two major issues dealt with.

On the specific question of surplus water from Anglian Water Authority, I can say that before he approved the scheme, the Secretary of State for the Environment required us to demonstrate that the amount available was neither adequate in terms of quantity and the period for which it was available, nor was it economically viable to construct a local authority solution.

Mr Morton will, I am sure, be comforted in noting that of the several hundred capital schemes in Severn-Trent's current programme, all of which have been financially appraised, not one of them fits his category of large dramatic and professionally challenging. By contrast, the whole emphasis on our capital works at this time is in the form of small un spectacular schemes.

D. A. D. Reeve,  
156-170, Newhall Street, Birmingham.

Local authority spending  
Association of London Authorities  
Sir, Robin Panley's report (July 27) that English local

## Letters to the Editor

authorities overspent on capital projects in 1983-84 is totally misleading. No local authority overspent the figure allowed by the Department of the Environment. As Patrick Jenkin's statement last week implicitly admits, the problem is that the Department allocated more to local authorities than the national cash limit, assuming that they would overspend. Because councils spent the allocations they were given, and their receipts from sales of assets, as they are allowed to, they are being accused quite unfairly of overspending.

To add insult to injury, councils are now being asked to spend less than their 1984-85 entitlement to avoid the same thing happening again. The net result of the Department's double blunder is likely to be a complete freeze on new local authority capital contracts, imposed either voluntarily by councils, or made compulsory by Mr Jenkin later in the year.

Accounting for inflation  
From Mr M. Greener  
Sir, — In his interesting analysis (August 5) of the problem which beset the accounting profession in its search for an effective method of inflation accounting Mr Prowse poses a question that makes one ponder whether he has not fallen into a trap which he himself has set.

He asks "would anybody accept that the value of his house today is the price he paid for it multiplied mechanistically by the rise in the RPI?" In suggesting that they would not he surely denies the essence of what he has already described as the proprietary approach. Unless the house has risen in exchangeable value to at least a figure compatible with the fall in purchasing power of the pound in the pocket of the owner then he, be he resident or landlord, has suffered a real loss.

The fact that the house-owner can effectively swap his dwelling for something similar elsewhere without apparent cost is essential news for that house-owner but should not be seen as anything more than that. A

loss hidden by circumstance does not cease to be a loss.

The fundamental error, one that made it impossible for SSAP16 to ever be considered as a system of inflation accounting, lies in the assumption that because the owner of a house, close to home, has lost nothing in terms of houses then ipso facto he has incurred no loss of capital. In the field of accounting theory there are no supportable grounds for such an assumption. In economic theory there are even less as the general application of the tenet would involve immobilisation of capital.

The so-called proprietary approach is essentially linked to the preservation of capital intact. In this context a restrictive definition of capital is of no use or relevance. The only acceptable value must be that assessed in terms of alternative employment of that capital.

Michael J. Greener,  
38, Cross Street, The Knop, Barry, S. Glam.

Metal in transit  
From Mr. A. Ellinger  
Sir, — The other day I was looking at charts of metal prices and London Metal Exchange stocks and I suspected that the charts showed a financial problem. I checked the contango levels and found that there were backwardations on tin and lead and a low contango on zinc. Copper, aluminium and silver showed a range of 11.85 per cent to 11.75 per cent while nickel was rather lower at 10.3 per cent. With American six-month deposit receipts at 13 per cent it seemed to me that the contangos on metals were too low to attract finance. Contangos on Comex are slightly higher.

I suspect that the sort of money which finances the carrying of metals is also the sort of money that zimbly crosses the Atlantic when interest rates on the other side are more attractive than here.

An entirely different theory was put forward in your columns (July 3) by Mr John Edwards, your Commodities Editor. He relies on the stock figures for "LME warehouses." Is it not possible that significant quantities of metal are held in other warehouses? In considering stocks we have to think about metal in transit from Chile and other overseas sources as well as stocks in the hands of manufacturers. Stocks are sometimes held at the pit-head, I suspect that figures for

stocks are a treacherous fundamental.  
G. Ellinger,  
30 Lensfield Road, Cambridge.

## Software design

From the Chairman, Praxis Systems  
Sir, — It is heartening to see software engineering receiving attention (Technology, July 30).

Most of industry is dependent on software. It is essential equipment of advanced products, to control the manufacturing process, or to manage information flow. This software must be adaptable, correct and available in some form, yet your article rightly commented, most software writers cannot achieve this with any certainty.

Software design is very complex, probably more complex than any other industrial design process, but there are several formal methods which can enable the software professional to control the complexity and produce reliable software. These formal methods are not new — some of them are more than 10 years old — yet most software companies rarely or never use them.

Because software is so important to national economies, governments around the world are investing in software engineering methods, tools, training, and demonstration projects. In the UK, the Alvey programme is investing £65m in software engineering; the EEC has ESPRIT; the U.S.A. has STARS, Japan has the 5th Generation programme and a host of other incentives and investments, France and other European countries have national programmes.

This reflects the international importance of high-quality software. Within the past five years the UK and the EEC as a whole have moved from being net exporters of information technology to being net importers and the deficit is accelerating. Without a strong, high-quality software industry the UK is very vulnerable. We have already seen the U.S.A. barring or delaying exports of software tools to the UK (using rules designed to prohibit export to Comecon countries) thus giving U.S.-based manufacturers several months' start in new product development.

Marty Thomas,  
6-7, Trim Street, Bath.

## Baffled by brawn

From Mr B. Butcher  
Sir, — We read and hear a good deal from union leaders these days about "using their muscle" to achieve their ends. Why never their brains? Could there be a reason for this?

B. L. Butcher,  
6 Stanhope Close,  
Dorm House,  
Wimslow, Cheshire.

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# FINANCIAL TIMES

Wednesday August 8 1984

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## FIRST TRADING DEFICIT PUT AT £108M

# Debt crisis hits UK trade agency

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

THE DEVELOPING world's debt crisis and a sharp fall in the amount of capital project work have pushed Britain's Export Credits Guarantee Department (ECGD) into its first trading deficit. The loss is provisionally estimated at £107.9m (£140.9m) for the year to March 31. Mr Jack Gill, the department's secretary, said the provisional accounts, published yesterday, "reflect the delayed effect of the full blast of the world recession".

A cash deficit of £39m at the end of March, which means the department is borrowing from the Consolidated Fund for the first time in 30 years, has now swollen to £129m.

This deficit is expected to continue to grow for a year or more because export insurance claims from British exporters, who were paid a record £367.4m last year, remain high.

The department faces claims of up to £450m from companies awaiting trade payments from Nigeria. About £50m has been paid out this year. Depending on how the Nigerian arrears are handled, ECGD could suffer a drain on cash flow of £200m this year, and the same next.

It may try to fund this deficit through the banks, with its own guarantee, to stop its public borrowing looking too large.

The department has been the prime mover in a group of export credit agencies which have made a rescheduling of Nigeria's insured trade arrears conditional on the country concluding an agreement with the International Monetary Fund.

Mr Gill said he did not regard the department's cash deficit as too surprising or alarming. The critical question was whether the ECGD could service its borrowing from the Consolidated Fund. He added that

it was able to do so because it was, in general, receiving commercial rates of interest on money owed from abroad.

Income in 1983-84 plummeted from £437.8m to £224.7m, mainly because of a drop in premium income on long-term project business and the self-imposed limits on business in risky markets.

Money recovered rose from £103.8m to £135.8m, but the provision against future losses had to be considerably increased, to nearly £300m.

The bulk of claims paid, some £454.5m of the total £667.4m, were due to debt rescheduling by 19 countries and similar "political" causes of loss.

But bankruptcies or defaults by private buyers of British goods worldwide also resulted in an increase in payouts, from £113.4m to £164.8m.

Under pressure from the British Parliament, the department has slightly increased its small provision against sovereign default, although Mr Gill argued that this was bound to be a notional calculation.

The figure, of £18.4m, may be further increased before the audited accounts are submitted to parliament this year.

The report shows that the government subsidy of fixed-rate export finance fell from £338.7m to £230.8m.

The bleak, if not unexpected, picture presented by ECGD's latest accounts may lead the British Government to think twice before rejoining the department.

A committee of inquiry has recommended that the department become a public corporation with its own capital, allowing it to be managed more like a commercial institution.

## British airlines plan European routes bid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

TWO LEADING UK independent airlines, British Midland and Air UK, plan to make a joint bid to take over British Airways' European international routes from Birmingham and Manchester.

The plan has added fuel to a row between BA, the government-owned carrier, and the independent airlines, which has followed proposals by the Civil Aviation Authority to "give away" some BA routes.

The routes involved in the independents' bid are those from Birmingham to Amsterdam, Dublin, Düsseldorf, Frankfurt and Paris; and those from Manchester to Amsterdam, Brussels, Copenhagen, Dublin, Düsseldorf, Frankfurt (via Birmingham), Milan, Nice, Paris and Rome.

Air UK has an expressed preference for the Manchester operations, and British Midland is interested in the Birmingham routes.

The CAA has recommended that the routes currently flown by BA should be transferred to independent airlines under its recently announced policy for a reconstruction of UK air transport. The authority also recommended that the independent airlines should be permitted to compete with BA on many long-haul international routes under "dual designation," with some of those routes also being transferred directly to independent operators.

BA is fiercely resisting any route transfers, and the independents claim that such transfers are the only way they can survive in future.

The largest scheduled service independent, British Caledonian Airways, has already applied to the CAA for the transfer to itself of BA's routes out of Gatwick to Barcelona, Bilbao, Bologna, Copenhagen, Gibraltar, Lisbon, Madrid, Malaga, Naples, Oporto, Stockholm, and Valencia.

BCA has also asked for rights to fly in competition with BA to Athens, Delhi, Peking, Shanghai, Dusseldorf, Kuala Lumpur, Muscat, Oslo, Singapore and Stockholm, providing up to 50 per cent of the UK's total share of the traffic on each route.

## Traveller incentives leave Pan Am in loss

BY TERRY DODSWORTH IN NEW YORK

PAN AMERICAN World Airways' frequent traveller incentive scheme rebounded in the second quarter of this year, when the airline turned in a loss of \$49.8m caused principally by an unusually high amount of free or discounted travel.

The loss compares with a net profit of \$10.4m in the corresponding period of last year, but showed an improvement on the first quarter deficit of \$70.3m. Revenue fell from \$945.8m a year ago to \$918.2m.

The figures show that Pan Am remains one of the weakest performing of the big U.S. airlines at a time when many others are experiencing strong recovery.

The group has been in loss for the last three years, and although it trimmed its deficit in 1983 to \$60m from \$49.8m, it is still struggling to reduce its costs. Plans to renegotiate labour contracts have not yet yielded fruit.

In the past six months of this year, its losses came to \$120.1m against \$89.3m, while revenues were up marginally to \$1,808m against \$1,780m.

In addition, Pan Am's largest expense item, salaries and benefits, was up 10.8 per cent from \$257.4m a year ago to \$285.5m, as a result of the restoration of wage cuts taken by employees at the end of 1981.

The continued strength of the U.S. dollar overseas also had an adverse impact, while revenues were hit by a decrease of charter-business as the company phased out its DC10 fleet.

In addition, Pan Am's largest expense item, salaries and benefits, was up 10.8 per cent from \$257.4m a year ago to \$285.5m, as a result of the restoration of wage cuts taken by employees at the end of 1981.

The group added that in July the proportion of free travel on its routes had declined significantly from around 11 per cent in the second quarter to 9 per cent, although overall traffic in the month fell by 11.7 per cent.

## Canadian bid for U.S. retailer

By Bernard Simon in Toronto

DYLEX, the Canadian fashion retailer and manufacturer, has bid with two partners for control of the U.S. retail chain, Brooks Fashion Stores. The bid, valued at U.S.\$385m, is for all Brooks' 11.7m outstanding common shares.

Dylex's partners in the bid include Brooks' senior managers and an unidentified private investment group. Brooks' present controlling shareholders, including the chairman and president, have agreed to vote in favour of the transaction.

The bidders have offered \$31 a share to Brooks' present controlling shareholders and \$32 to minorities who own 42 per cent of the company's stock. Dylex is expected to have a stake of 40 to 50 per cent in a private company being formed by Brooks.

The acquiring group will pay \$100m in cash for Brooks, while banks have agreed to provide the remaining \$285m.

Dylex, whose sales reached C\$822m (\$628.9m), operates 1,000 stores through 11 chains in Canada, including the well-known Harry Rosen chain of higher-priced men's clothing stores. The group has recently expanded its U.S. operations, including the acquisition earlier this year of an 18-store California chain of junior fashion shops. Several Harry Rosen outlets have opened in the U.S.

Dylex plans to raise its sales to about C\$4bn by the end of the decade, and the proposed Brooks takeover is seen as a major step towards this.

## UK miners in court challenge on strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

MINERS' UNION leaders in Britain are facing a growing challenge from dissident members who are preparing to take their union to court over its conduct in the 22-week-old strikes over pit closures.

Groups in Scotland and South Wales were considering grounds for legal action after the issue of a writ yesterday against the National Union of Mineworkers (NUM) on behalf of two miners at Maan colliery in Yorkshire.

They are seeking an order for a national ballot of miners on the continuation of the dispute. The writ has been served on the NUM at national and regional levels and will be given a preliminary hearing tomorrow.

The writ also calls for a restraint on national and Yorkshire officials from dissuading NUM members from crossing picket lines and a veto on a proposed change in rules which would set up national disciplinary procedures. Union leaders are due to debate the rules change at a special delegate conference on Friday.

Trade union left-wingers are pressing for a £2m a week levy from all union members in support of the miners' strikes. The levy, of unprecedented size, is the central plank in a left-led strategy sympathetic to the striking miners which is likely to be endorsed by the Trades Union Congress (TUC), which meets next month.

A levy of all union members of a minimum of 20p (26 cents) a head every week is proposed. With 10m union members in Britain the target is a theoretical £2m a week, although in practice such a levy is thought unlikely to draw such support.

A fund-raising drive on behalf of miners is to be started in Norway by the union which organises Norwegian mineworkers.

## Cash boost for BP Australia

By Lachlan Drummond in Sydney

BP AUSTRALIA is to receive a \$180m (\$152.5m) capital injection from its British parent following its recent takeover of fellow oil group Amoco Australia.

BP Australia completed the purchase of Amoco from Standard Oil Company of Indiana early last month for a reputed \$250m, and the initial capital fund will go some way towards financing the acquisition and the additional working capital needs of the expanded group.

The cash raising through an issue of preference shares will take to A\$690m the total of cash the British parent has injected into BP Australia in a little more than two years.

BP last year transferred ownership of its one-sixth interest in the North West Shelf gas development from the Australian arm to a North American offshoot. Including assignment of debt this generated a A\$147m extraordinary gain on assets valued in BP Australia's book at A\$261m.

The asset and debt transfers associated with the North West Shelf and last year's A\$300m capital injection considerably improved BP Australia's balance sheet with debt cut by almost A\$800m to A\$430m.

The latest capital raising should ensure that financial ratios are not knocked out of kilter by the Amoco acquisition.

The additional 7 per cent market share from Amoco has taken BP to a roughly 23 per cent share, just behind market leader Shell.

## EEC fines zinc groups

Continued from Page 1

months, and will not appeal to the European Court.

Our Commodities Editor writes: A "European" zinc producer quotation, setting prices for zinc concentrates and metal sold outside North America (which has its own producer prices), has been retained and stands at \$990 a tonne.

These days it is an informal arrangement, not supported by joint action to control the market. Instead, an individual producer announces a change in its official posted price, and other producers decide whether to follow. Usually they do, within the space of a few days.

The companies are very careful not to be seen consulting with each other, but obviously have ample opportunities to do so informally, and all face roughly the same kind of market conditions.

## Satellite security plan for plutonium transport

By David Marsh in Paris

THE U.S., French and Japanese governments are drawing up tight security measures almost out of a James Bond script to safeguard a cargo of plutonium planned to be shipped halfway round the world from North-west France to Japan later this year.

The plutonium is the product of chemical separation of spent uranium fuel from Japanese pressurised water reactors, carried out at France's nuclear reprocessing plant at La Hague on the tip of the Cherbourg peninsula. It is due to be shipped back to Japan for further use in the advanced Egen thermal reactor under the terms of agreements between Cogema, the French Government's nuclear fuel processing company, and Japanese electricity utilities.

Agreement on the transfer - involving around 250kg of plutonium - has been held up pending an accord with the U.S. Government. Under the terms of the 1978 Nuclear Non-Proliferation Act passed under President Carter, use and transport of U.S.-originated uranium, and its by-products, burnt in Japanese nuclear plants is subject to Washington's approval to guard against misuse of nuclear materials for atomic weapons.

After long delays, the Reagan administration finally lifted a veto last month on the shipment. The move has been fiercely criticised by some U.S. non-proliferation experts, including Wisconsin Senator William Proxmire, who said last week that the Japanese vessel carrying the plutonium might all prey to international terrorists during its long return voyage.

Full details of the security measures are understandably not being made public. But the U.S. is believed to have drawn up a route passing through the Panama Canal to avoid the risks of Middle East waters. British, French and American warships will escort the freight on various stages of its journey, while air cover and links with U.S. military satellites will also be provided.

Although only 7kg of plutonium is needed to produce an atomic explosion, experts in Paris contend that the plutonium from the Japanese PWRs is not militarily usable because it does not contain a high enough proportion of the bomb-making isotope.

Japan already has in operation a small plutonium-producing reprocessing plant at Tokai-Mura, serving mainly to fuel its fast breeder research programme. Last month Japanese utilities finalised plans for a much larger complex, which will also involve a uranium enrichment plant and waste disposal facilities, in which the French nuclear industry hopes to have some technical participation.

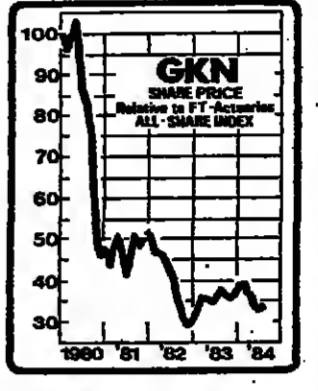
## THE LEX COLUMN GKN displays its mettle

The stock market is by now so accustomed to generous dividend increases from Britain's engineering industry that yesterday's news of a maintained interim payment from GKN was received as being distinctly parsimonious. Little else, certainly, could have explained the 3p fall in the share price to 172p. Profits have risen 61 per cent to £81.2m pre-tax in the half-year to June, comfortably ahead of expectations, and the tone of the trading statement gives reason to bode for £120m or more for the full year.

GKN has obviously benefited from a strong volume improvement, particularly in the U.S. automotive business, and doubts about the resilience of the group to the next cyclical downturn are amply reflected in a yield on the shares of over 8 per cent, assuming a 1p increase in the final dividend.

Yet, leaving the cyclical element aside, GKN looks an altogether sharper business than it did four years ago. Not every problem has yet been dealt with - the UK forges business needs further pruning - and the accounting treatment betrays signs of the old GKN, notably in the predictable recurrence of heavy extraordinary items. But the reduction in the UK and European cost base is now showing through in higher profits, despite fairly flat volume, while in the U.S. GKN's component business seems to be running like a dream.

In its present confident mood, GKN seems certain to be looking for acquisitions, which may well push the debt/equity ratio through the 50 per cent level which will be approached at the end of this year through organic growth alone. As the rating suggests, the stock market has not entirely forgiven GKN for the dramatic share price performance of 1980, but there is now a much greater readiness to give the group the benefit of the doubt.



none too far-fetched. In late 1980 and early 1981, when sterling was trading near to the now unimaginable level of \$2.40, a succession of British companies crossed the Atlantic to make acquisitions. Last year, U.S. portfolio investors made the reverse journey in droves as the dollar rallied. Yet U.S. manufacturing industry, for some reason, stayed at home.

The latest figures from the U.S. Conference Board show that foreign investment by American manufacturers fell in 1983 for the third successive year, so perhaps they see more attractive opportunities at home. Another explanation is that U.S. companies remain suspicious of UK competition policy. The blocking of Escherich's bid for Davy is by no means ancient history, while even Nabisco Brands' successful takeover of Huntley & Palmer was achieved only after a Monopolies Commission reference. A third possibility, of course, is that Wall Street's investment banks are simply missing a trick.

the 1989 tap suddenly looked rather a good thing.

Once the figures were on the table it was none too difficult to see why they might have been expected. A fall in bank lending parallels the much reduced rate of credit expansion and reflects the difficulty clearing banks have had recently in filling their mortgage quotas.

If the personal sector is to continue borrowing less aggressively, as housing and car registration trends seem to confirm, that could remove any need for the authorities to intervene.

Given the City's increasingly relaxed view of the funding costs of the coal strike - essentially, accepting that the only cost to be financed this year is the cash flow - there appeared every reason for the gilt-edged market to pick up the threads of last week's optimism. Bank base rate cuts seemed to be next on the agenda.

### U.S. bids

The recent flurry of takeover activity in the London market has predictably enough caused brokers to dust off their lists of likely bid targets and to add a few new names for good measure. Over the past fortnight, several leading British companies have seen their names linked with putative bidders across the Atlantic. Procter & Gamble, so the story goes, is about to launch itself at Beecham, while General Foods may have a stab at either Tate & Lyle or Brooke Bond - or possibly both.

So far, none of these reports has produced anything except hand-on-the-forehead speculation. Yet the notion that U.S. companies may be sniffing around the UK market looks, on paper at least,

### Money supply

It was almost, but not quite, like old times in London yesterday when a set of monetary statistics stopped the markets in their tracks. The difference was a welcome but generally unexpected fall in the provisional sterling M3 aggregate - which apparently shrank by 1 per cent in banking July.

The scramble to hitch a lift on gilt-edged after the announcement left brokers' screens trodden underfoot, and today's tender for

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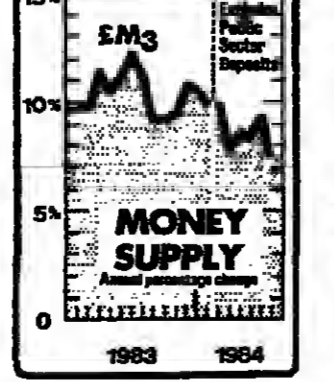
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## World Weather

Area	Temp	Wind	Pressure	Area	Temp	Wind	Pressure
Azores	16	10	1012	London	16	12	1012
Amsterdam	16	10	1012	Paris	16	12	1012
Brussels	16	10	1012	Berlin	16	12	1012
Frankfurt	16	10	1012	Munich	16	12	1012
Geneva	16	10	1012	Stockholm	16	12	1012
Oslo	16	10	1012	Stockholm	16	12	1012
London	16	12	1012	London	16	12	1012
Paris	16	12	1012	Paris	16	12	1012
Berlin	16	12	1012	Berlin	16	12	1012
Munich	16	12	1012	Munich	16	12	1012
Stockholm	16	12	1012	Stockholm	16	12	1012
Oslo	16	12	1012	Oslo	16	12	1012
London	16	12	1012	London	16	12	1012
Paris	16	12	1012	Paris	16	12	1012
Berlin	16	12	1012	Berlin	16	12	1012
Munich	16	12	1012	Munich	16	12	1012
Stockholm	16	12	1012	Stockholm	16	12	1012
Oslo	16	12	1012	Oslo	16	12	1012
London	16	12	1012	London	16	12	1012
Paris	16	12	1012	Paris	16	12	1012
Berlin	16	12	1012	Berlin	16	12	1012
Munich	16	12	1012	Munich	16	12	1012
Stockholm	16	12	1012	Stockholm	16	12	1012
Oslo	16	12	1012	Oslo	16	12	1012

## Money figures fuel UK rate hopes

Continued from Page 1



all leading currencies, reflected the general firmness of U.S. interest rates and seemed to mark a reversal of sentiment after a succession of setbacks at the end of last week that the dollar might be set for some decline from its very high levels.

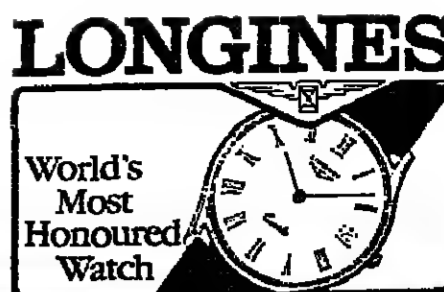
The Bank of England's money-supply estimates for July, which were greeted with surprise bordering on incredulity in the markets followed two months in which the figures had set a gloomy mood.

The July figures suggest that sterling M3 is now back within its target range of annual growth of between 8 and 10 per cent.

The Bank estimates that in the five months of the current target period up to July, sterling M3 grew by 9 per cent compared with 14.8 per cent up to June.

In the 12 months to July, sterling M3 (cash plus bank deposits) is estimated to have risen by 7 1/2 per cent compared with 9 1/2 per cent recorded in June.

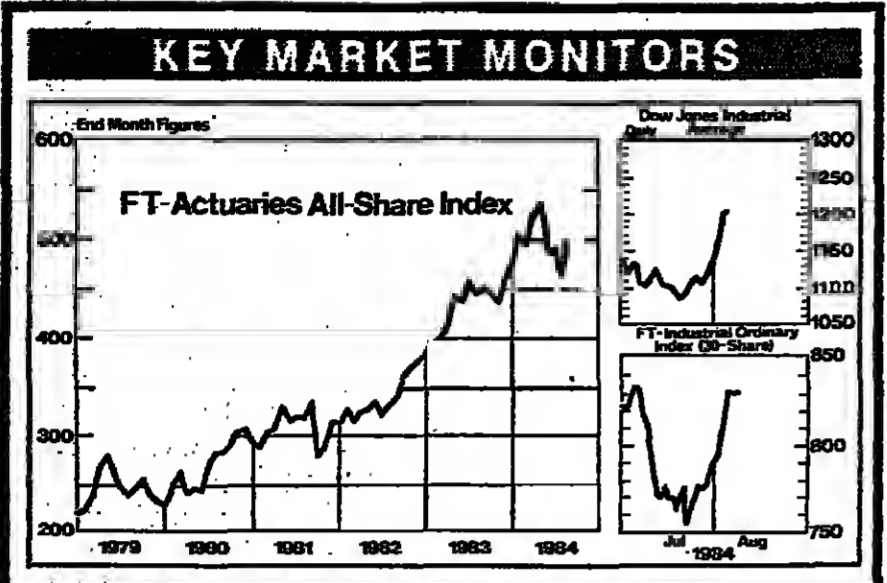
Mo, the narrow measure of money (mainly notes and coin) is estimated to have risen by about 4 per cent in July and by 5 1/2 per cent in the latest 12 months. That is also well inside its target growth range of an annual 4 to 6 per cent.



# SECTION II - COMPANIES AND MARKETS

## FINANCIAL TIMES

Wednesday August 8 1984



STOCK MARKET INDICES			
	Aug 7	Previous	Year ago
<b>NEW YORK</b>			
DJ Industrials	1,204.62	1,202.96	1,183.29
DJ Transport	528.10	528.57	542.43
DJ Utilities	125.05	126.40	129.09
S&P Composite	182.71	182.80	181.74
<b>LONDON</b>			
FT Ind Ord	830.5	830.3	724.7
FT-SE 100	1,087.7	1,081.4	970.7
FT-A All-share	501.33	498.14	542.69
FT-A 500	542.90	540.05	493.73
FT Gold mines	821.0	838.3	624.7
FT-A Long gilt	107.2	107.8	108.2
<b>TOKYO</b>			
Nikkei-Dow	10,313.63	10,431.09	8,946.69
Tokyo SE	797.03	854.71	659.05
<b>AUSTRALIA</b>			
All Ord.	728.4	736.5	680.9
Metals & Mins.	459.9	465.2	596.5
<b>AUSTRIA</b>			
Credit Aktien	53.40	53.29	55.31
<b>BEELGIUM</b>			
Belgian SE	147.92	149.78	132.04
<b>CANADA</b>			
Aug 7		Prev.	Yr ago
Toronto			
Metals & Mins	1,894.85	1,805.4	1,935.4
Composite	2,290.22	2,308.9	2,435.5
Breadst.			
Portfolio	113.19	115.47	119.79
<b>DENMARK</b>			
Copenhagen SE	193.03	194.09	186.07
<b>FRANCE</b>			
CAC Gen.	160.9	162.7	131.4
Ind. Tendance	104.1	105.4	83.1
<b>WEST GERMANY</b>			
FAZ-Aktien	332.61	336.17	325.84
Commerzbank	985.4	978.6	964.2
<b>HONG KONG</b>			
Hong Seng	895.49	903.47	1,028.26
<b>ITALY</b>			
Banca Com.	213.17	211.97	199.12
<b>NETHERLANDS</b>			
ANP-CBS Gen	159.0	159.4	139.6
ANP-CBS Ind	127.9	128.5	112.9
<b>NORWAY</b>			
Oslo SE	259.34	265.08	201.75
<b>SINGAPORE</b>			
Straits Times	983.51	994.87	923.77
<b>SOUTH AFRICA</b>			
Gold	n/a	939.6	965.0
Industrials	n/a	898.6	937.0
<b>SPAIN</b>			
Madrid SE	140.36	141.06	119.29
<b>SWEDEN</b>			
J & P	1,533.99	1,539.73	1,499.2
<b>SWITZERLAND</b>			
Swiss Bank Ind	370.9	373.5	346.3
<b>WORLD</b>			
Aug 8		Prev.	Year ago
Capital Int'l	180.5	179.5	174.6
<b>GOLD (per ounce)</b>			
Aug 7		Prev.	
London	\$343.50	\$350.25	
Frankfurt	\$342.50	\$349.25	
Zurich	\$342.75	\$349.25	
Paris (Baring)	\$344.54	\$352.67	
Luxembourg (Baring)	\$346.75	\$351.40	
New York (Aug.)	\$344.01*	\$351.40	

### WALL STREET

## Recovery survives early test

THE POWERFUL recovery in Wall Street stock prices survived its first serious bout of profit-taking yesterday morning, writes Terry Byland in New York.

The stock market moved erratically during the first half of the session, but showed a ten-point gain on the Dow scale at 2.30pm, when the bond market was also firm. Buying faded before the close, however, and the Dow Jones industrial average was finally a net 1.88 points higher at 1,204.62.

Other market indices were mostly weaker, including the Dow transportation average which lost 2.47 points to 528.10. Turnover, at 129.2m shares, remained high, although well below the recent record levels. The outcome of the auction of three year Treasury notes was in line with expectations.

The early bout of profit-taking was largely confined to the market blue chips and came mostly from the institutions which had healthy paper gains to show on stocks bought at the beginning of last week. The bond market opened lower, and market analysts expressed some doubts about the prospects for further falls in interest rates.

This week's \$16.75bn Treasury refunding could prove a testing point for the sudden revival of optimism over interest rates. While dealers expected the auction of short-dated issues, yesterday and today, to pass off satisfactorily, a more significant hurdle will be tomorrow's auction of 30-year bonds.

In pre-auction trading, the bonds returned a yield of 12.54 per cent yesterday, a fall of 20 basis points since the middle of last week. Foreign buying of U.S. federal bonds has increased following the lifting of withholding tax and this "could be the secret ingredient" at tomorrow's auction, commented Mr Jim Davin, managing director of First Boston, the major bond trading firm.

In the stock market, there was heavy trading in some blue chips. IBM, which has risen by 10 per cent over the past week, dipped 5% to \$120 1/2, with more than 1m shares traded by midday.

Merrill Lynch, which has featured regularly in the list of active stocks since the market turned upwards, added another 5% to trade at \$31 1/2, also in heavy trading. Wall Street views of Merrill's purchase of some segments of Becker Paribas' operation were mixed, in view of Merrill's own moves to cut back in the face of falling profits.

Stock in Federal National Mortgage (Fannie Mae), 5% off at 13 1/2, was very active, amid suggestions from credit analysts that mortgage rates may have peaked at their present level of 15.20 per cent.

Most of the industrial leaders edged higher. General Electric at \$56 1/2 gained an early 5%, Digital Equipment at \$95 1/2 put on 5% and Texas Instruments 5% to \$138 1/2.

The Detroit car makers also remained firm, although at 57 1/2 General Motors gained only 3%, despite favourable comment from the investment press.

Among the bid stocks, St Regis was 5% up at \$49 1/2 as speculators sold on more than 1m shares, anticipating completion of the \$65.50 a share offer for 60 per cent of the equity from Champion International.

There was renewed interest in Carnation, the canned food group, which jumped 3 1/2% to \$84 1/2 on market hints of an impending bid by the inside interests which control one third of the equity. Al-

so active was Anchor Hocking, 5 1/4% up at \$28 1/2, also a bid favourite.

On the American Stock Exchange, BAT Industries was active, gaining 5% to \$3 1/2. Stock in American Motor Inns edged up by 5% to \$18 1/2.

Money market and other short-term rates continued to rise behind a strong Federal funds rate of 11 1/2% per cent. The bond market cooled off as it awaited news from the auction of Treasury notes.

### LONDON

SURPRISINGLY good monetary aggregates caught London unaware yesterday, and markets responded with a vengeance. Gilts immediately regained falls of 1/2% on the announcement that sterling M3 may have fallen by 1 per cent in banking July.

Activity continued after the official close to leave selected longs with gains of 1 1/2 points, while shorts recouped losses of 1/2% to close 3/4 up on balance.

The money supply data also buoyed equities, but prices eased later despite favourable U.S. market indications. Reflecting the fluctuations, the FT Industrial Ordinary index reversed a near 8-point fall to stand 2.3 higher at 3pm before closing just 0.2 up at 830.5.

Chief price changes, Page 30; Details, Page 21; Share information service, Pages 22-23

### HONG KONG

LATE BUYING from fund managers softened the impact of a technical adjustment in Hong Kong that saw the Hang Seng index fall by 17.98 to 885.49.

Hutchison Whampoa dropped 30 cents to HK\$10.40 as the group announced a management reshuffle, while Jardine Matheson slipped 15 cents to HK\$7.10. Other leading shares to slip back were Cheung Kong, 20 cents off at HK\$7.95, and Hongkong Land, 7 cents down at HK\$2.60.

### SINGAPORE

SOME profit-taking emerged in Singapore yesterday, erasing many of the gains of the previous session as the Straits Times index dropped 11.18 to 983.51 on decreased turnover of 30.5m shares, compared with Monday's 39.6m.

Straits Steamship was one of the few to move ahead with a 1-cent rise to S\$1.58, while the most active stock of the session, Federal Cables, closed 14 cents down at S\$3.54 on turnover of 2.4m shares. Fraser & Neave surrendered half of Monday's rise with a 20-cent drop to S\$6.

### SOUTH AFRICA

THE SETBACK in the bullion price took its toll on Johannesburg gold shares, with most other sectors turning lower in sympathy.

Losses of 75 cents were common as with Buffels at R72, although Free State Geduld held steady at R50.75. Diamond leader De Beers finished 30 cents lower at R3.85, and Rustenburg Platinum settled 80 cents off at R14.40.

Industrials maintained their recent weakness, while consumer-related issues were largely unchanged.

### AUSTRALIA

OVERSEAS influences combined with a technical correction to depress Melbourne share prices yesterday, while Sydney moved ahead strongly following Monday's holiday. The All Ordinaries index nevertheless ended 8.2 lower at 728.4.

In Sydney, ANZ rose 12 cents to A\$4.90, and BHP was 35 cents up at A\$10.50. Media stocks proved mixed, with News Corp 44 cents higher at A\$10.30, while Herald and Weekly Times was 10 cents weaker at A\$3.85.

Oil and gas issues were narrowly mixed and minings were firmer.

### EUROPE

## Familiar fears take their toll

RENEWED CONCERN over the strength of the dollar and the outlook for U.S. interest rates, after the recent respite, left European centres broadly lower yesterday.

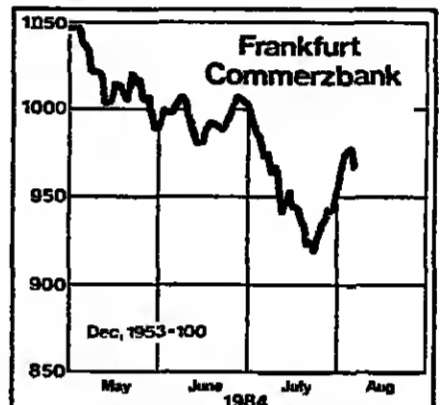
Profits were also taken on the growing conviction that a substantial number of issues had been overbought in the euphoria of the last few trading sessions.

In the background, the mood of Wall Street loomed large, and the downturn in the New York markets late on Monday provided the lead as European trading opened yesterday.

In Frankfurt, the renewed weakness of the D-Mark against the dollar provided a disincentive to foreign investors making a further contribution to the market's four-day advance.

Instead, the time was judged ripe for profits to be taken, and this left the Commerzbank index down 13.2 at 965.4.

Some of the day's largest falls were seen in the motor sector with Daimler



down DAI 4.50 to DM 540, failing to derive any benefit from plans to increase its workforce later this year.

BMW shed DM 4 to DM 318, while VW managed to hold its retreat at DM 1.40 to DM 175.80.

Banks were lower, along with steels and retailers. The chemicals downturn was led by Schering's DM 4.50 fall to DM 343.50.

Bonds were lower, pressured by the firmer dollar and the lower tone of U.S. bond markets. The Bundesbank bought DM 7.1m of paper to balance the market.

The withdrawal of both foreign and institutional investors from Amsterdam left shares broadly lower, although losses were limited. The ANP-CPS General index shed 0.4 to 159.

KLM reversed Monday's advance to close down FI 3.90 at FI 175.40 while Unilever shed FI 1.50 to FI 285.

Royal Dutch lost 80 cents to FI 151.30, despite expectations of improved second-quarter results due tomorrow.

Bonds were mixed in very quiet trading, awaiting the results of the U.S. Treasury's quarterly financing operations.

The appreciation of the dollar to a record high against the French franc kept turnover low in Paris, and share prices fell back, taking the Indicateur de Tendance down 1.4 to 104.1.

A broad, though generally restrained retreat, was seen in Zurich amid profit-taking in the wake of recent rises.

Recent favourites to lose ground included Oerlikon-Bührle, down SwFr 30 to SwFr 1,220 and Brown Boveri, SwFr 40 lower at SwFr 1,330.

Weaker utilities took Brussels lower. Losses among the utilities - which showed the largest advances over the past week - included Intercom, down

BFr 70 to BFr 1,925. Electrob, however, added BFr 30 to BFr 7,280.

A mixed to lower mood emerged in Stockholm with profit-taking seen in the recently favoured Ericsson shares after eight successive days of advances. The shares shed SKr 6 to SKr 364.

Madrid was slightly lower although the construction sector managed an advance. Milan rallied against the trend, with the upturn reflecting positive advances by leading industrial issues.

### TOKYO

## Car makers caught in reversal

THE SLACKENING pace on Wall Street overnight spurred a bout of profit-taking to lead equity prices lower in Tokyo yesterday for the first time in five sessions, writes Shozo Nishimaki of Jiji Press.

Honda Motor eased, pushing down other motor manufacturers and motor-related stocks, while blue chips declined steadily on a wide front. Only individual incentive-backed issues were sought in lacklustre trading.

The Nikkei-Dow market average plunged 117.46 to 10,313.63 on volume of 228.60m shares, down from the previous day's 244.74m. Declines outpaced advances 423 to 251, with 165 issues unchanged.

Foreign investors became net sellers in early trading, when they placed sell orders for 26m shares, compared with buy orders for 20m shares.

Honda Motor, the most active stock the previous day, shed Y50 to Y1,440 on sales by Japanese and foreign investors, with a turnover of 6.88m shares, the day's second largest. Toyota Motor lost Y60 to Y1,450 in sympathy. Many other motor and automotive parts stocks weakened.

The slowdown in share price rises on Wall Street brought light sales of blue chips. Fuji Photo slumped Y90 to Y1,730, Matsushita Electric Industrial Y50 to Y1,880 and NEC Y50 to Y1,240.

By contrast, some incentive-backed issues drew buyers. Furukawa, a mining company, firmed Y17 to Y405 on market expectations of the commercial application of a process to recover heavy metal from seawater.

After the close, the Tokyo stock exchange announced that the buying balance on margin transactions as of last Saturday fell Y44.2bn from a week earlier to Y2,594bn. Conversely, the margin selling balance swelled Y9.5bn to Y265.1bn.

The bond market weakened, reflecting the yen's depreciation against the dollar due to high American interest rates.

The rapid rise of yields on Monday stimulated major trusts and some city banks to offer to buy 10-year government bonds with some nine years remaining to maturity, in lots of Y5bn to Y10bn.

However, bond prices were generally weak, with the yield on the barometer 7.3 per cent government bond due January 1993 rising to 7.305 per cent from 7.26 per cent.

# MOVING BACK TO HIGH PERFORMANCE

Lotus are back to making a trading profit again - £275,000. Sales in 1983 jumped 36% to £12,765,000. Over 50% of this total went to overseas markets.

As Chairman, David Wickins says in his Statement accompanying the balance sheet "Lotus is always driving ahead, now faster than ever"

"We have the engineering techniques. The design skills and flair. The innovative research and development ability, inventiveness and imagination." He concludes:

"They were the late Colin Chapman's legacy and are now in the hands of a team determined to succeed."

"We have the financial strength to expand and grow," says Wickins.

"Make no mistake, Lotus has not lost its touch and the future looks bright and exciting."

Copies of the Annual Report and Accounts are available on request from:  
The Secretary, Group Lotus Car Companies PLC,  
Norwich, Norfolk NR14 8EZ.



**INTL. COMPANIES & FINANCE**

**Indonesia places US\$ 400m steel project in Bakrie family hands**

BY CHRIS SHERWELL, RECENTLY IN JAKARTA

INDONESIAN BUSINESSMAN and entrepreneur Aburizal Bakrie is an unusual man. Unlike many of the country's most successful businessmen, who are of Chinese origin, he is "pribumi" (indigenous), from Lampung in south Sumatra. Bakrie & Brothers (B & B), the group he runs with his father and younger brother, is widely reckoned to be the most interesting pribumi manufacturing business around. The immediate reason is that the company, which is best known for manufacturing steel pipe, has just embarked on its biggest venture ever, a US\$400m steel mill to produce 300,000 tonnes of seamless pipe annually for Indonesia's oil and gas industry, which is Asia's largest.

B & B is also widely respected as a fast-growing empire which—after 42 years in existence and having firmly established itself in commodity trading—dominates the lucrative pipe and tube industry and new even assembles and distributes microcomputers. The father, Achmad Bakrie, remains the inspiration and driving force behind the group, but it is Aburizal who oversees its development and day-to-day operations. Achmad started out in 1942 by trading in anything from toys to textiles. He moved into commodities in the 1950s and, after a visit to the U.S., became the first Indonesian coffee exporter to America.

In 1957 he bought a Dutch wire company and within two years went into the pipe business. Progress was hardly smooth in the turbulent 1960s. The fastest growth has come only in the past five years—since the government embarked determinedly on a policy to

boost exports by offering attractive allowances and incentives. All this has culminated in the seamless pipe project, which has a dual significance. Not only is it an important element of a projected national steel industry based in West Java which is to include a hot-strip mill, a cold rolling mill, and a tin-plating plant. It also reflects the government's new intention to rely more on the private sector in the present climate of financial restraint. Previously the project was purely a state sector affair.

**Surprise partner**

Things are now moving fast. B & B selected a foreign partner for the venture earlier this year, and surprised everyone by choosing Asia Pacific Pipe Investments of Australia—principally, says Aburizal, because its cash contribution was not tied to the supply of any machines but also because Bakrie has worked with the company before.

The resulting partnership, Seamless Pipe Indonesia, is 70 per cent Indonesian-owned through Bakrie & Brothers and the state-controlled Krakatau Steel. It will be calling for bids in October once it has finalised details with consultants Schneider Wagg Main interest will come from the world's three licensors—Mannesmann of West Germany, Innovent of Italy, and Aetna Standard of the U.S.

Krakatau Steel, the state company at the heart of the national steel industry, will supply sponge iron raw material to the Bakrie plant, which will convert it into steel, then into tubes at its own hot mill and finally into

seamless pipe at a cold finishing facility. The three stages will be built in reverse order, and are scheduled for completion in 1990.

Aburizal Bakrie says the project is easily justified. Net foreign exchange savings on Indonesia's 200,000 tonnes of seamless pipe imports from Japan, Argentina, and Romania will amount to US\$140m per year, he says, and the government's policy requiring the purchase of Indonesian products whenever they are available will guarantee a market. Initially prices will be higher than imports, he says, but not once the whole plant is completed.

For the Bakrie group, the project is an obvious expansion of its pipe and tube activities. It already produces structural pipe and water pipe, line pipe for the oil and gas industry, and pipe fittings and valves. It also has a joint venture with Aranco to produce corrugated steel pipe and the guardrail beams seen on motorways.

Bakrie & Brothers' shift into computer assembly is on a minute scale by comparison with all this, but reflects another strand of company thinking—the need to diversify. "Electronics and the information business is the business of the future," says Aburizal. "We are supplied from the U.S., Japan, and Taiwan, and so are not dependent on any one outside source. We use our own computers of our own design using our own manpower and running on our own software. Sales are already US\$10m on a US\$1m investment."

On top of this the Bakries three years ago moved for the first time into agribusiness proper—growing as well as

trading commodities. They have started with coconuts in south Sumatra "because Indonesia's palm oil should be exported, and because local people who were buying it could not get enough coconut oil," says Aburizal.

Meanwhile the traditional trading activities—in rubber, cocoa, coffee, tea and pepper—have been supplemented with crude oil. The size of the operation is unknown but the group has a network stretching to neighbouring Singapore and to western Europe where there is an office in Hamburg.

After the seamless pipe project, the next development is likely to be a public offering of shares in Bakrie Pipe Industries, the group's main pipe producing arm, which is 60 per cent owned by Bakrie & Brothers and 40 per cent by Espindo, an Indonesian bank. This was one of the novel conditions of a Espindo loan made in 1983, and about 20 per cent of the company is likely to be offered in 1985.

**Losses in 1983**

As with many Indonesian groups, especially private ones, discovering the details of B&B's financial performance is difficult. But Aburizal Bakrie freely acknowledges that 1983 was a bad year and produced losses, and predicts that 1984 will be better.

With so much going on, it is clear he is happy to have followed his father into the family business. "It's in our blood line," he says. "He created the atmosphere. The Chinese are successful in business because they talk business. Our family does the whole time."

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Application has been made to the Council of The Stock Exchange in London for the whole of the above Stock to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange in London, £30,000,000 of the Stock will be available to the market on the date of publication of this advertisement. The Stock is payable as to £30 per cent. on acceptance and as to the balance not later than 10 September, 1984. Interest will be payable semi-annually in arrears on 15 April and 15 October, commencing on 15 April, 1985.

Particulars of American Brands, Inc. are available in the External Statistical Service. Particulars of the Stock will be available in the External Statistical Service on 8 August, 1984. In the meantime, copies of the above particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 21 August, 1984 from:—

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London EC2A 1JA

**Cazenove & Co.**  
12 Tokenhouse Yard,  
London EC2R 7AN

and  
The Stock Exchange in London

8 August, 1984

**State takes over Asia Trust Bank**

BANGKOK — The Thai Finance Ministry has taken over a majority of the shares of the Asia Trust Bank and sent an eight-member management team to lead the commercial bank out of its current liquidity and management difficulties, said the country's Central Bank. Mr Prasert Prapasandobol, an official at the Central Bank, the Bank of Thailand, said it was the first time in two decades that the Ministry has had to take over a bank.

According to the Bank of Thailand, the Asia Trust Bank, the 12th largest Thai commercial bank, had total assets of 9.8bn baht (\$427m) at the end of last year.

Confidence in the bank was shaken recently with the dismissal of a senior executive vice president who had been chosen by the Finance Ministry and the central bank to help the troubled bank.

One banker said that in return for the handover of a majority of its shares, the Finance Ministry has agreed to give the bank a large loan at concessional rates to help it back on its feet.

**DBS rights issue after first-half fall**

BY CHRIS SHERWELL IN SINGAPORE

DEVELOPMENT BANK OF Singapore (DBS), the largest of Singapore's banking groups in terms of gross assets, yesterday reported a sharp 26.3 per cent decline in after-tax profits for the six months to June, from S\$72.36m in the same period of 1983 to S\$53.3m (US\$24.7m).

The state-controlled bank also announced a one-for-four rights issue at a considerable discount of S\$4 a share to raise about S\$230m. The directors said that the move was desirable to support the bank's operations. DBS shares were suspended yesterday ahead of the results and rights announcement. On Monday they closed at S\$8.90.

Clarifying the apparent profits slide, the bank said that last year's first-half figures included a S\$15.8m extraordinary after-tax gain from the sale of shares in the International Bank of Singapore. Excluding this gain, group profits in the first-half of 1984 showed only a marginal decline.

The bank added that under its conservative fund manage-

ment policy it had made provisions for price fluctuations of fixed-income securities held for investment, and for "certain specific loans notwithstanding improved prospects for recovery" of them.

The United Overseas Bank (UOB) of Singapore announced yesterday that it has reached an agreement to acquire 50.13 per cent of the shares of Far East Bank for S\$21.90m in cash, or S\$1.80 per share, reports AP-DJ in Singapore.

The purchase price is based on the net asset value of Far East Bank on December 31. UOB's shares were suspended yesterday pending this announcement.

The announcement does not constitute an offer to the remaining minority shareholders, UOB said. But on completion of the purchase, United Overseas will make a general offer to the remaining minority shareholders of Far East Bank on "terms no less favourable than those contained in the agreement."

**Lower tax helps Toa Nenryo**

TOKYO — Toa Nenryo Kogyo, the oil refiner, owned 25 per cent each by Esso Eastern and Mobil Corporation, lifted consolidated net profits by 22.5 per cent to ¥25,78bn (\$106m) in the half year to June despite a marginal 0.1 per cent fall in sales to ¥532.74bn.

Profits before taxes and extraordinary items, fell by 11.4 per cent to ¥41.84bn, but earnings per share rose to ¥22.63 on 489.8m outstanding shares from ¥47.35 on 445.5m shares. The interim dividend remains unchanged at ¥2.25 a share.

The gain in net profits, despite the declines in sales and pre-tax profits, was due to a reduction in corporate tax payments, the company said. The tax payments fell to ¥16,060bn from ¥22,120bn a year earlier.

Sales and pre-tax profits fell because of low wholesale prices for oil products, the company said. Although sales in value terms declined, sales in volume terms increased from a year earlier. The company sold 10,065m kilolitres of oil products, up 11.0 per cent from 9,067m kilolitres. AP-DJ



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**U.S. \$600,000,000**

**Undated Floating Rate Notes**

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 8th August, 1984 to 8th February, 1985 the undated notes will carry an interest rate of 12½ per annum. Interest payable on 8th February, 1985 will amount to U.S. \$632.50 per U.S. \$10,000 undated Note.

Morgan Guaranty Trust Company of New York  
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**Paterson Jenks P.L.C.**

by means of Cash Offers

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The undersigned acted as financial advisers to  
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August, 1984

**NOTICE OF PREPAYMENT**  
**The Tokai Bank, Limited**  
(Incorporated with limited liability in Japan)

**US\$30,000,000**

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London Dollar Certificates of Deposit

Series AP Certificate No. 003331-003340 issued on 30th September, 1982  
Maturity Date 30th September, 1983 Callable in September, 1984.

Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates") The Tokai Bank, Limited ("the Bank") will prepay all outstanding Certificates on 28th September, 1984 (the "Prepayment Date") at their principal amount. Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank. Interest will cease to accrue on the Certificates on the Prepayment Date.

**The Tokai Bank, Limited**  
London Branch

2 & O. Building, Leadenhall Street, London EC3V 4RD  
8th August 1984

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INTL. COMPANIES & FINANCE

Coastal reports 38% fall in profits

By William Hall in New York
COASTAL Corporation, the Houston-based energy company whose name is frequently cited in hostile takeover skirmishes, yesterday reported a 38 per cent drop in its second-quarter net income to \$19.4m, primarily because the previous year's figures had been boosted by a \$11.8m gain on share sales.

Siemens USA sales rise

By Our Financial Staff
SIEMENS USA, the North American arm of the West German electrical engineering group, reports strong growth in sales and orders for the first nine months of this financial year.

Stanbic lifts earnings by 45% at midway

BY JIM JONES IN JOHANNESBURG

STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group, increased its first half pre-tax operating profit by 45.4 per cent to R81.4m (\$48.6m).

Cigna may maintain payout despite loss

BY OUR NEW YORK STAFF

CIGNA Corporation, the big U.S. insurer formed from the 1982 merger of Connecticut General and INA Corporation, has reported further losses in its second quarter but stresses that it places a "high priority" on maintaining its dividend which was recently increased for the second time since the merger.

As a result Stanbic expects to do no more than achieve modest profit improvement for 1984 as a whole. This implies a lower profit in the current half year than in the final six months of 1983, Mr de Villiers said.

Overseas hit by slump in world shipping

By Our New York Staff

NEW YORK-based Overseas Shipholding Group (OSG), one of the world's biggest bulk shipping groups, operating a fleet of over 70 ships totalling 6.5m dwt, has reported a 16 per cent drop in second-quarter net income to \$11.9m.

Hutchison Whampoa board reshuffled

By Our Hong Kong Correspondent

HUTCHISON WHAMPOA, the Hong Kong conglomerate, yesterday announced a major management reshuffle following a long-running disagreement over management policy between Mr Li Ka-Shing, the chairman, and top executive executives.

A statement issued yesterday confirmed that Mr John Richardson, (chief executive), Mr Jonathan Hubbard-Ford (operations director), and Mr Wight (finance director) - Hutchison's only three executive directors, are all resigning from the group with effect from December 31.

Mr Murray will take over full-time executive responsibilities from October 1 with two other main board appointees. Mr George Magnus becomes deputy chairman. Mr Magnus has been an executive director of Hutchison since 1980 as well as of Cheung Kong. Mr Li's main quoted vehicle.

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INTERNATIONAL APPOINTMENTS

New president for European Investment Bank

Mr Ernst-Günther Broder has taken over from Mr Yves Le Portz, president since 1970, at the helm of the EUROPEAN INVESTMENT BANK. Mr Broder was formerly management committee spokesman at Kreditanstalt fuer Wiederaufbau, Frankfurt.

Mr Le Portz, now honorary president of the EIB, has been appointed president of the Commission des Opérations de Bourse (COB), Paris, by the French council of ministers.

Mr W. K. Scallan, a deputy general manager of Royal Insurance (UK) is to be seconded to the ROYAL GROUP'S U.S. organisation for a period of two years. He is being appointed an executive vice-president of the group's U.S. companies and will take up his duties in August.

Mr W. Scallan, a deputy general manager of Royal Insurance (UK) is to be seconded to the ROYAL GROUP'S U.S. organisation for a period of two years. He is being appointed an executive vice-president of the group's U.S. companies and will take up his duties in August.

U.S.\$150,000,000 CREDIT LYONNAIS Floating Rate Notes Due 1995. In accordance with the conditions of the notes, notice is hereby given that for the six-month period 8th August 1984 to 8th February 1985 (184 days) the notes will carry an interest of 12 1/2% p.a. Relevant interest payments will be as follows: Notes of U.S.\$10,000 U.S.\$632.50 per coupon. THE SANWA BANK LIMITED (LONDON BRANCH) Agent Bank

U.S. \$60,000,000 Banamex Banco Nacional de México, S.R. Floating Rate Subordinated Notes Due 1992. In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 8th August, 1984 to 8th February, 1985 the Notes will carry an interest rate of 12 1/2% per annum and the Coupon Amount per U.S.\$5,000 will be U.S.\$316.25. Credit Suisse First Boston Limited Agent Bank

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The Nikko Securities Co., Ltd. (Nikko Shoken Kabushiki Kaisha) U.S.\$30,000,000 3/4 PER CENT. CONVERTIBLE BONDS 1999 ISSUE PRICE 100 PER CENT. The Nikko Securities Co., (Europe) Ltd. Morgan Stanley International S.G. Warburg & Co. Ltd. Baring Brothers & Co., Limited Citicorp Capital Markets Group Daiwa Europe Limited Goldman Sachs International Corp. IBI International Limited Kleinwort, Benson Limited Kyowa Bank Nederland N.V. Lehman Brothers International Merrill Lynch Capital Markets Mitsubishi Finance International Limited Samuel Montagu & Co. Limited Morgan Grenfell & Co. Limited Morgan Guaranty Ltd Nomura International Limited Orion Royal Bank Limited N.M. Rothschild & Sons Limited Saitama Bank (Europe) S.A. Salomon Brothers International Limited J. Henry Schroder Wagg & Co. Limited Smith Barney, Harris Upham & Co. The Taiyo Kobe Bank (Luxembourg) S.A. Tokai International Limited Wood Gundy Limited Yamaichi International (Europe) Limited BankAmerica Capital Markets Group Banque de l'Union Européenne Chase Manhattan Capital Markets Group Charterhouse Japhet PLC County Bank Limited Dai-ichi Europe Limited Dai-ichi Kangyo International Limited Daiwa Bank (Capital Management) Limited Hambros Bank Limited Hill Samuel & Co. Limited LTCB International Limited Manufacturers Hanover Limited New Japan Securities Europe Limited Nippon Credit International (HK) Ltd. Nippon Kangyo Kakumaru (Europe) Limited Okasan International (Europe) Ltd. The Tokyo Securities Co., Ltd. Toyo Securities Co., Ltd. Wako International (Europe) Limited





UK COMPANIES

BIDS AND DEALS

MINING NEWS

Recovery continues as H. Young seeks to buy BCA offshoot

ACCOMPANYING THE report of more than doubled pre-tax profits for the year to May 31 1984, H. Young Holdings, motor distributor, has announced its intention to acquire Readygas, a supplier of industrial and domestic gases currently 80 per cent owned by a subsidiary of British Car Auctions.

BOARD MEETINGS

The following companies have notified the Stock Exchange of board meetings in the next 14 days. Such meetings are usually held for the purpose of considering dividends. Original indications are not available as to whether the dividends are interim or final and the amounts shown below are based mainly on last year's results.

Table with columns: Company Name, Meeting Date, and Notes. Includes companies like British Assurance, Colonial Investment Trust, etc.

Argyll launches an agreed £25m bid for Amos Hinton

Argyll Group, the supermarket and drinks distribution business built by Mr James Gulliver to challenge the industry leaders, yesterday launched an agreed £25m bid for Amos Hinton, the North East supermarket company.



Mr James Gulliver, the chairman of Argyll Group

Hanson Trust builds up sizeable holding in Charter Consolidated

Charter Consolidated, the industrial holding and mining finance group, has been coming through its share offer and, unexpectedly, has built up a sizeable shareholding.

Full implementation of the offer will involve the issue of 3.5m Argyll shares, or about 2.8 per cent of the current equity base, and about £13.5m of cash consideration.

position and outlook, Mr Clarke said that the group is, on the whole, trading satisfactorily but the operations in the insurance business, 67.3 per cent owned, operated at a small loss during the first quarter in the face of intense price competition in the insurance market.

Receiver called into Suleyman company

By Alexander Nicol Kingsland Group, a clothes manufacturer which is the private company of Mr Touker Suleyman, has been put into receivership.

Placer now expects January start-up for Kidston gold

By Kenneth Marston, Mining Editor Mr C. Allen Barn, chairman of Placer Development, says that construction of the major new Kidston gold mine in Australia is going well and new aspects of production to begin in January next year.

period Kidston's output will reduce to an annual rate of 175,000 oz which will put the mine in second place in the Australian league with Newmont Mining's Telfer at number three.

Hugin profits and sales increase in first half

Pre-tax profits at Hugin Group advanced from £390,000 to £740,000 for the first half to June 30 1984. The retail chain point of sale and retail systems company reported sales for the period up 17 per cent, from £13.6m to £15.6m.

management, who retained a 16.5 per cent stake. Hugin has concentrated on sales to large retail chains through wholly-owned subsidiaries, and through networks of distributors to smaller retail outlets.

Belhaven boosts stake in Ryan

By Alexander Nicol MR NAZMU VIRANI'S Belhaven Brewery is increasing its stake in the voting capital of Dublin-based Ryan Hotels to 22.4 per cent by buying almost all its preference shares.

Memec to acquire 85% of Midwich Computer

By Jeanne Reid Memec (Manufacture and Electronic Components) has agreed to acquire 85 per cent of the Suffolk-based Midwich Computer Company for £2,500,000, part of total equity, recently purchased and disclosed by Belhaven.

Mitchell Cotts' disposals

Mitchell Cotts, the engineering and trading group, has sold four of its South African subsidiaries and one of its properties in South Africa for approximately R14m (£8.5m), representing an excess over total book cost of R3.6m.

Table titled 'DIVIDENDS ANNOUNCED' with columns for Company Name, Current payment, Date, and Total dividend.

Martin Ford PLC Famous for Separates. Interim unaudited results for 26 weeks ended 2nd June, 1984. Table showing financial performance for 1984, 1983, and Year.

Trident TV

Trident Television's sale of its 29.96 per cent shareholding in Yorkshire Television Holdings to W. R. Smith & Son for £5.5m was approved at a shareholders' meeting in London.

BIDS AND DEALS IN BRIEF

Kuwait Investment Office has disclosed a 7.5 per cent holding in Security Centres Holdings, the electronic alarm group which said in June that it was in exploratory talks with a third party which had a friendly approach. Security Centres, which has itself made a series of acquisitions, last week agreed to buy Holmes Protection, a U.S. burglar alarm company, in a £38m deal.

L'ORÉAL advertisement. Quality and research. The true justification of the Group lies in the quality of the products which it offers to consumers. Includes a table of consolidated figures in millions of French Francs for 1981, 1982, and 1983.

STEAD & SIMPSON plc FOOTWEAR RETAILERS AND MOTOR DEALERS. Record on 150th Anniversary. Salient points from the statement by the Chairman, Mr. Harry E. G. Gee for the year to 31st March, 1984. Table showing turnover and profit before/after tax.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized by sector and alphabetically. Columns include stock name, price, volume, and change.

Continued on Page 19

Handwritten Arabic text at the bottom center of the page.

بورصة القاهرة

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized into columns for various stock categories and individual stock listings with their respective prices and changes.

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized into columns for various stock categories and individual stock listings with their respective prices and changes.

Notes and footnotes regarding the data, including information about dividend dates and other financial details.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, and Japan. Columns include stock names, prices, and percentage changes.

OVER-THE-COUNTER Nasdaq national market closing prices

Table of over-the-counter Nasdaq national market closing prices for various stocks.

LONDON Chief price changes

Table of London chief price changes for various stocks, including BISS, GUS, and others.

CANADA

Table of Canadian stock market data, including Toronto closing prices for August 7.

MONTREAL Closing prices August 7

Table of Montreal closing prices for August 7.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices, organized by sector (S-S, U-U, V-V, W-W, X-X, Y-Y, Z-Z).

Vertical text on the right edge of the page, possibly containing additional market data or commentary.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Money supply figures rekindle enthusiasm for Gilts and longer issues rise £1½

Account Dealing Dates

First Declared - Last Account Dealings from Dealings Day July 30 Aug 9 Aug 10 Aug 13 Aug 20 Aug 21 Aug 24 Aug 29 Aug 31 Aug 31 Sep 15 Sep 15 Sep 20 Sep 20 Sep 20 Sep 20

Surprisingly good monetary aggregates caught London traders unawares yesterday afternoon and markets responded with a vengeance. Government stocks immediately regained falls of approaching 1/2 on the 2.30 pm announcement that sterling M3 may have fallen by 1 per cent in banking-July. This was in stark contrast to estimates ranging to an increase of that amount.

Mr Paul Volcker's concern over US inflation trends, which had not entirely ruled out tighter monetary policy, faded into the background. Sterling worries - the rate weakened further against the dollar yesterday - also evaporated late, but uncertainty about the immediate outlook for Wall Street restrained equity markets.

Marked a shade easier at the outset following brokers' Wood Mackenzie's forecast of a slowdown in retail sales growth from August onwards. Stores responded to sizeable, albeit still selective, buying as investors took bullish view of future credit trends.

Buying issues encountered unexpected interest. Barrat Developments rose 1/2 to 326p and Wilson (Connell) rose 1/2 to 166p, while McCarthy and Stone, still reflecting a broker's circular, gained 5 more to 135p before ending 250p. A. Smith continued to attract support and hardened 2 for a two-day gain of 8 to 113p. Against the trend, brick concern Bestock Johnson gave up 5 at 213p.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Aug, July, June, May, April, March, Feb, Jan. Rows include Government Secs, Fixed Interest, Industrial, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Stock, High, Low, S.E. Activity. Rows include Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

25p. Evode, in contrast, eased 6 to 104p following comment on the interim figures. Horizon Travel, the subject of unwelcome bid approach from Grand Metropolitan, met with fresh support and rose 5 to 173p awaiting developments.

Proceedings elsewhere in the general trend, closing a subdued year of its White Horse round 4 1/2 closing at 250p. The sector gleamed fresh encouragement from persistent inquiries for NSS which, despite the managing director's attempt to diffuse bid speculation, spurred to 115p before rising 12 up on balance at 113p.

Leading Electricals followed the general trend, closing a shade better after a small mark down at the outset. Comment on the half-yearly figures left Standard Telephones and Cables 4 in the lead, despite a preliminary dip on the receiving end of an unwelcome bid from STC, closed unaltered at 51p.

Trusthouse Forte attracted demand and the shares touched 120p prior to closing a couple of pence earlier at 118p. Beecham react A strong market last week on U.S. buying, which gave rise to vogue bid talk, Beecham fell away sharply on the announcement that it was to be sold.

Financials were equally depressed. De Beers gave up all of Monday's gain and closed a net 2 1/2 lower at 228p, while "Amgold" fell 1/2 to 274p and Transvaal Consolidated Ltd 1 to a 195p low of 200p. Minorex attracted heavy profit-taking after the strong gain over the previous two trading days and dropped 60 at 500p.

London Financials gave ground with the notable exception of Anglo Pacific, but consolidation whirl moved ahead on speculative buying to raise 5 up at 247p following the revelation at the annual meeting that Hanson Trust has acquired approximately 3.3 per cent of Charter's shares in the past three months or so.

EQUITIES

Table listing various stocks with columns for 1984 and 1983 prices, and stock names like Alphaamer Gp., Amalgamated, Associated, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for 1984 and 1983 prices, and stock names like Cambridge Water, etc.

"RIGHTS" OFFERS

Table listing rights offers with columns for date, price, and stock names like Anglo American, etc.

ACTIVE STOCKS

Table listing active stocks with columns for price change and stock names like BP, Shell, etc.

RISES AND FALLS YESTERDAY

Table listing rises and falls in stock prices, categorized by British Bonds, Foreign Bonds, etc.

LONDON TRADED OPTIONS

Table listing London traded options with columns for calls and puts, and stock names like LASMO, etc.

EUROPEAN OPTIONS EXCHANGE

Table listing European options exchange with columns for series, vol., last price, and stock names like GOLD O, etc.

RECENT ISSUES

NEW HIGHS AND LOWS FOR 1984 NEW HIGHS (55) Abbott Lab., American Medical, etc.

NEW LOWS (23)

Dansons Oil, American, etc.

Golds lower

Mining markets remained acutely sensitive to trends in the dollar and Wall Street. Worries over the possibility of higher U.S. interest rates depressed the gold market.

MONDAY'S ACTIVE STOCKS

Table listing Monday's active stocks with columns for price, change, and stock names like Anglo American, etc.

OPTIONS

Table listing options with columns for price, change, and stock names like Anglo American, etc.

MONDAY'S ACTIVE STOCKS

Table listing Monday's active stocks with columns for price, change, and stock names like Anglo American, etc.

OPTIONS

Table listing options with columns for price, change, and stock names like Anglo American, etc.

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table with columns: 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes entries for Sanyo, H&M, and others.

INDUSTRIALS (Misc.)

Large table listing various industrial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like ICI, BHP, and others.

ENGINEERING—Continued

Table listing engineering stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Birmingham, GKN, and others.

FOOD, GROCERIES, ETC.

Table listing food and grocery stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Asda, Borden, and others.

DRAPERY & STORES—Cont.

Table listing drapery and stores stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like House of Fraser, Debenhams, and others.

ELECTRICALS

Table listing electrical stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like B&K, GEC, and others.

BEERS, WINES—Cont.

Table listing beer and wine stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Whitbread, Vintners, and others.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and roads stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Amec, Balfour Beatty, and others.

CANADIANS

Table listing Canadian stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Alcan, Inco, and others.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like ICI, B&K, and others.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like House of Fraser, Debenhams, and others.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Whitbread, Vintners, and others.

AMERICANS

Table listing American stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like IBM, Microsoft, and others.

BANKS, HP & LEASING

Table listing bank, HP, and leasing stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Citicorp, HSBC, and others.

COMMONWEALTH AND AFRICAN LOANS

Table listing commonwealth and African loan stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Anglo, Standard Bank, and others.

LOANS

Table listing loan stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Building Societies, etc.

Public Board and Ind.

Table listing public board and industrial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Airways, etc.

Financial

Table listing financial stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Citicorp, etc.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Rail, etc.



BRITISH FUNDS

Table listing British funds with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Short's, etc.

Five to Fifteen Years

Table listing funds with a 5 to 15 year maturity with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

Over Fifteen Years

Table listing funds with a maturity over 15 years with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

Undated

Table listing undated funds with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

Index-Linked

Table listing index-linked funds with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table listing international bank and overseas government sterling issues with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

CORPORATION LOANS

Table listing corporation loans with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

COMMONWEALTH AND AFRICAN LOANS

Table listing commonwealth and African loan stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

LOANS

Table listing loan stocks with columns for 1984 High, 1984 Low, Stock, Price, % Chg, Div, Yield, P/E.

Handwritten signature or mark at the bottom center of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Garages and Distributors

Table of garage and distributor stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

FINANCE, LAND, ETC

Table of finance, land, and other stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

International Finance DAIWA SECURITIES logo and text.

MINES—Continued

Table of mine stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

TEAS

Table of tea stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Central Rand

Table of Central Rand stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Eastern Rand

Table of Eastern Rand stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Far West Rand

Table of Far West Rand stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

O.F.S.

Table of O.F.S. stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high/low, and volume.

Regional & Irish Stocks, Options—3-month call rates, and other market information.

24 AUTHORIZED UNIT TRUSTS

Table listing various unit trusts such as British Overseas, British Overseas, British Overseas, etc. with columns for name, value, and change.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including sections like Key Fund Managers Ltd, Perpetual Unit Trust, and various other fund names with their respective values and changes.

City of Washington Assurance, Southern Assurance, etc.

Table listing insurance companies and their financial details, including Southern Assurance, City of Washington Assurance, etc.

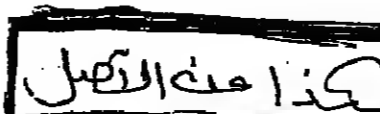
F.T. CROSSWORD PUZZLE No. 5,486

ACROSS
1 The cloth in dispute is very hard (4)
4 There's something wrong with the spring in the lock (8)
10 Frustrated as a container for oil which becomes very hot (7)
11 Used to remove dirt from rop's cut (4,7)
12 Observe for a minute (4)
13 Encourage people to start the game with kitchen utensils (3,7)
15 Take a long time to get ideas (8)
16 Believe broadcast about variation (7)
20 Where engineers meet to make money (1,7)
21 Somebody will have the time at some future date (3,3)
24 Chimney cleaner's receipts from customers (10)
26 One who entertains many people (4)
28 Regular moves a little into shade (7)
29 It's neater for cutting things (7)
30 Make a person with taste at these scrambled (8)
31 The business took a long time and was presented badly (6)
DOWN
1 Young lady coming out on parade is not embarrassed (8)
2 Show attendant where to find the most important reports (5,4)
3 First of the French and then the French girl... (3)
5 ... went up in the front of the ship and left the vessel with flowers (4,4)
6 Improve the course of the river? (10)

Crossword puzzle grid with numbers 1 through 31 indicating starting positions for the clues.

7 No more cream please - there's enough in it already (3)
8 Put the accent on effort (6)
9 Saw how old the notice was (5)
14 Franny on the field creates a high level of excitement (7)
17 Not even postman can be a casual worker (3,3,3)
18 The coating on the road pews down as far as possible (7)
19 There's uncontrollable excitement because this year will be different (8)
22 Bones found in the sea near Naples (6)
23 The menu one can ask a restaurateur to include (4,3)
25 Load up the vehicle; it contributes towards keeping them busy (3,1)
27 Wound around (4)

ANSWERS TO PUZZLE No. 5,486
ACROSS
1. Canvas
4. Spring
10. Oil drum
11. Rop
12. Peek
13. Kitchen
15. Long
16. Broadcast
20. Engineers
21. Future
24. Chimney
26. Entertainer
28. Regular
29. Neater
30. Taste
31. Business
DOWN
1. Young
2. Show
3. First
5. Went
6. Improve
7. No more cream please
8. Effort
9. Notice
14. Franny
17. Postman
18. Coating
19. Excitement
22. Bones
23. Menu
25. Load up
27. Wound





INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including Liberty Life Assurance Co Ltd, National Provident Institution, and others, with columns for company name, address, and contact information.

Table listing various insurance and financial products, including Target Life Assurance Co Ltd, Capital International Fund S.A., and others, with columns for company name, address, and contact information.

Table listing various insurance and financial products, including CAL Investments (IOM) Ltd, Capital International Fund S.A., and others, with columns for company name, address, and contact information.

Table listing various insurance and financial products, including Marine Midland (CI) Ltd, Standard Life Assurance Co Ltd, and others, with columns for company name, address, and contact information.

Table listing various insurance and financial products, including Standard Life Assurance Co Ltd, Standard Life Assurance Co Ltd, and others, with columns for company name, address, and contact information.

OFFSHORE AND OVERSEAS

Advertisement for offshore and overseas services, including information about the British Overseas Airways Corporation (BOAC) and other international flight services.

Money Market Trust Funds

Table listing Money Market Trust Funds, including details on various investment vehicles and their performance metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts, including details on various banking services and their interest rates.

Money Market Investment Companies

Table listing Money Market Investment Companies, including details on various investment firms and their services.

Money Market Insurance Policies

Table listing Money Market Insurance Policies, including details on various insurance products and their terms.

Money Market Real Estate

Table listing Money Market Real Estate, including details on various real estate investment opportunities and their locations.

NOTES: A section providing additional information and notes regarding the various financial products and services listed in the adjacent tables.

COMMODITIES AND AGRICULTURE

Reagan takes advice on ways to help copper industry

BY NANCY DUNNE IN WASHINGTON

THE QUESTION of the future of U.S. copper imports has now gone to the Secretaries of State, Treasury, Commerce, and the U.S. Trade Representative...

new orders for the stockpile or other initiative. On Capitol Hill two powerful senators are making the international lending institutions...

to "voluntarily" restrain their production. Senator Domenici, testifying on behalf of his Bill last week, complained that IMF and World Bank policies have given copper-producing countries "a crutch that cripples..."

were losing their jobs," he said. The World Bank, for its part, says that only one loan in recent years, a \$7m loan to Zaire for technical and management assistance, was made on concessional terms...

said that the proposed legislation is based on a misperception regarding the role and operations of the IMF and the compensatory financing facility. "It could weaken" the IMF if it were passed.

Production suspended at mine in Arizona

By Nancy Dunne

PHILIPS Dodge has announced that it will suspend copper production next week at its New Cornelia branch mine and concentrator at Ajo, Arizona, laying off 800 employees.

Uncertainty holds down price of farmland

FARMLAND price in England and Wales declined again last month, according to figures published yesterday by the Ministry of Agriculture. The weighted average price (which allows for area and size group variations in the sample) for the three months to the end of June was \$5,087, compared with \$5,191 in the three months to May and a record \$5,887 in the three months to April.

CFTC considers regulating foreign futures contracts

BY NANCY DUNNE IN WASHINGTON

THE Commodity Futures Trading Commission is considering the establishment of a formal regulatory programme for domestic users of foreign futures contracts.

Turkish farmers rejoice at imports levy

By David Bardard in Ankara

POTATO and onion growers in Turkey rejoiced yesterday at the news that the Government had slapped a levy of \$10 a tonne on imports of potatoes, onions, and vegetable oil margarines.

Gas oil futures trading makes strong recovery

BY JOHN EDWARDS

TRADING ACTIVITY on the London gas oil futures recovered strongly in July, rising to 41,674 lots against 34,792 lots in July 1983, according to figures released yesterday by the International Commodities Clearing House.

Trawlermen to ignore Bristol Channel ban

TRAWLERMEN at Brixham said yesterday they were prepared to risk fines by ignoring a ban on fishing in the Bristol Channel.

PRICE CHANGES

Table showing price changes for various commodities including metals, oil, and other goods. Columns include commodity name, date, and price.

BRITISH COMMODITY PRICES

Table showing British commodity prices for metals like copper, lead, zinc, tin, and aluminium. Includes current and previous prices.

WEEKLY METALS

Table showing weekly metal prices for various metals including copper, lead, zinc, tin, and aluminium.

AMERICAN MARKETS

Table showing American market prices for commodities like sugar, grains, wheat, and oil.

NEW YORK

Table showing New York market prices for commodities like aluminium, copper, and tin.

INDICES

Table showing financial indices and market data including stock prices and exchange rates.

LONDON OIL

Table showing London oil prices for various grades and types of oil.

GAS OIL FUTURES

Table showing gas oil futures prices and market activity.

SPOT PRICES

Table showing spot prices for various commodities like oil, gas, and other goods.

CRUDE OIL - FOB (per barrel)

Table showing crude oil prices FOB (per barrel) for different grades and origins.

GOLD MARKETS

Gold fell \$61 an ounce from Monday's close in the London bullion market yesterday. It opened at \$345.648 in the morning, and traded between a high of \$346.347 and a low of \$345.338.

LONDON FUTURES

Table showing London futures prices for various commodities.

EUROPEAN MARKETS

Table showing European market prices for commodities like wheat, oil, and other goods.

ALUMINIUM

Table showing aluminium prices and market activity.

TIN

Table showing tin prices and market activity.

LEAD

Table showing lead prices and market activity.

ZINC

Table showing zinc prices and market activity.

COCAOA

Table showing cocoa prices and market activity.

COPPER

Table showing copper prices and market activity.

NICKEL

Table showing nickel prices and market activity.

POTATOES

Table showing potato prices and market activity.

COFFEE

Table showing coffee prices and market activity.

SOYABEAN MEAL

Table showing soyabean meal prices and market activity.

WHEAT

Table showing wheat prices and market activity.

BARLEY

Table showing barley prices and market activity.

RUBBER

Table showing rubber prices and market activity.

PIGMEAT

Table showing pigmeat prices and market activity.

WOOL FUTURES

Table showing wool futures prices and market activity.

SOYABEAN OIL

Table showing soyabean oil prices and market activity.

COTTON

Table showing cotton prices and market activity.

MEAT/FISH

Table showing meat and fish prices and market activity.

HIDES

Table showing hide prices and market activity.

Various small advertisements and notices on the right margin, including 'LAWYERS', 'AGENTS', and 'SERVICES'.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar around new peaks

The dollar continued its recovery on the foreign exchanges yesterday, supported by high U.S. interest rates and rumours that Mr. Paul Volcker, chairman of the Federal Reserve Board, was unhappy with market forecasts of a testifying to the U.S. Senate Banking Committee at the end of July. It was suggested Mr. Volcker is more worried about inflation than previously thought and this may lead to tighter monetary policy.

On Bank of England figures the dollar's trade-weighted index rose to 127.5 from 127.1. Sterling—Trading range against the dollar in 1984 is 1.985-1.992. July average 1.991. Trade-weighted index 127.5, up from 127.1 at the previous close, and 127.5 six months ago.

Sterling fell 1.15 cents against the strong dollar to \$1.985, 1.985 after touching a low of \$1.980. The pound was weak against the dollar throughout, and also eased against other currencies after a firm start following the unexpected fall of 1 per cent in sterling M3 money supply. The better than expected money supply figure led to suggestions that there may be an attempt to cur British interest rates in the near future. Sterling fell 0.28 from DM 2.805, and ¥318.25 from ¥319.75, but improved to Fr 11.69 from Fr 11.65, and Sfr 3.21 from Sfr 3.19.

D-MARK—Trading range against the dollar in 1984 is 2.9145 to 2.9238. July average 2.9175. Trade-weighted index 122.2 against 121.6 six months ago. The Bundesbank sold DM 48.0m as the dollar rose to DM 2.9157 from DM 2.9080 at the Frankfurt closing, on rumours comments by the Federal Reserve Board chairman that interest rates may continue to rise and that inflation may yet prove a problem later in the year. The D-mark also declined against most other major currencies, with sterling rising to DM 3.8120 from DM 3.8080, although the Swiss franc fell to DM 1.1859 from DM 1.1912. Within the European Monetary System the French franc improved to DM 32.585 per 100 francs from DM 32.580; the Belgian franc to DM 4.980 per 100 francs from DM 4.980; the Danish krone to DM 27.405 per 100 kroner from DM 27.390; the Italian lira to DM 1.6390 per 1,000 lira from DM 1.6370; and the Irish punt to DM 3.0770 from DM 3.0760.

FINANCIAL FUTURES

Gilts firm

Gilts and three-month sterling deposit futures closed very firm on the London International Financial Futures Exchange yesterday. Gilts for September delivery opened weaker at 102.13 as cash prices eased on the decline of sterling against the dollar and the weak close to the U.S. bond market overnight. After touching a low of 102.01 the contract surged upwards closing near the day's peak at 102.27, compared with the previous settlement of 102.25. The sudden rise followed publication of the UK July money supply figures, showing a fall of 1 per cent in sterling M3, against market expectations of a rise in the region of 1 per cent. September short sterling fell

lowed a similar pattern, opening weak at \$8.60, but closing at \$8.61, against \$8.69 on Monday. Three-month Eurodollars for September began on a depressed note, but staged a modest rally in line with advances in Chicago where interest rate contracts recovered after showing early weakness. The market was reasonably optimistic about the outcome of last night's U.S. Treasury auction of \$8.5bn in three-year notes. It was hoped demand would be boosted by foreign buying following the repeal of withholding tax by the Administration. The September contract opened at \$8.59, after falling to \$8.11 closed at \$8.54 compared with \$8.32 previously.

Company Notices

Rescheduling of external debt of the Republic of the Ivory Coast

An agreement of understanding on the rescheduling of Ivory Coast external debt was signed on July 27th in PARIS at the main office of BANQUE NATIONALE DE PARIS. The Ivorian delegation was led by His Excellency, Mr. SERI-GNOLEBA, Minister of State, assisted by Mr. Leon NAKA, General Manager, Caisse Autonome d'Amortissement. The Steering Committee appointed by Banks comprise of BANQUE NATIONALE DE PARIS (Chairman), BANKERS TRUST (Vice-Chairman), THE BANK OF TOKYO LTD., BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE, CHASE MANHATTAN BANK N.A., CITIBANK N.A., CREDIT LYONNAIS, MIDLAND BANK and SOCIETE GENERALE. The Steering Committee recommend to the 350 Banks creditor of Ivory Coast rescheduling of maturities of medium term debts contracted or guaranteed by Republic of Ivory Coast and Caisse Autonome d'Amortissement falling due between December 1st 1983 and December 31st 1985. Repayment of rescheduled amounts will be made over a period of 5 years after a three year grace period. Furthermore, a proposal of new money to the tune of CFA 50 billion is being submitted to Banks' approval. At a reception that followed the signature, Mr Jacques WAHL, General Manager, BANQUE NATIONALE DE PARIS, and Mr SERI-GNOLEBA, underlined that this signature constitutes an important step in the economic programme of the Republic of the Ivory Coast.

FINANCIAL TIMES

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EMS EUROPEAN CURRENCY UNIT

Table with columns: Country, Currency, % change from central, % change from previous, Divergence. Includes Belgium, Denmark, Germany, Greece, France, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, UK, etc.

OTHER CURRENCIES

Table with columns: Country, Currency, Rate. Includes Argentina, Australia, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Saudi Arabia, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, USA, etc.

CURRENCY MOVEMENTS

Table with columns: Currency, Bank of England, Morgan Guaranty, % change from previous, % change from 1983. Includes Sterling, Canadian dollar, Australian dollar, etc.

CURRENCY RATES

Table with columns: Currency, Rate. Includes Sterling, Canadian dollar, Australian dollar, etc.

THE POUND SPOT AND FORWARD

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months forward rates.

THE DOLLAR SPOT AND FORWARD

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months forward rates.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate. Includes Pound Sterling, US Dollar, Deutsche Mark, etc.

EURO CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Term, Rate. Includes 3 months, 6 months, 12 months, 18 months, 24 months.

MONEY MARKETS

Rates ease on money supply

Interest rates declined on the London money market yesterday afternoon following publication of the July UK money supply figures. Earlier in the day rates had been slightly firmer in reaction to a high Federal funds rate in New York and the fall of sterling against the dollar. Three-month sterling interbank was around 12 1/2 per cent in the morning, compared with 11 1/2 per cent on Monday, but finished at 11 1/2 per cent. Discount houses buying rates for three-month eligible

MONEY RATES

Table with columns: Term, Rate. Includes Overnight, 7 days, 14 days, 1 month, 3 months, 6 months, 12 months.

FT LONDON

INTERBANK FIXING

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months.

LONDON MONEY RATES

Table with columns: Term, Rate. Includes Overnight, 7 days, 14 days, 1 month, 3 months, 6 months, 12 months.

Discount Houses Deposit and Bill Rates

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months.

MONEY RATES

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months.

NEW YORK (Lunchtime)

Table with columns: Term, Rate. Includes Prime rate, Broker loan rate, Fed funds, etc.

Treasury Bills

Table with columns: Term, Rate. Includes 1 month, 3 months, 6 months, 12 months.

Treasury Bonds

Table with columns: Term, Rate. Includes 2 year, 3 year, 5 year, 10 year, 30 year.

The British Businessman in perspective. The authoritative update on the behaviour of British businessmen and women. The 1984 BMRC survey is now available. Over 16 per cent of British executives travelled abroad on business more than five times in the past year. Most of them had at least one credit card in their wallet, but only seven per cent had more than one, and a mere one per cent had more than two. Most of them, 89 per cent, were married. 32 per cent had children under 15 years of age, 37 per cent had two or more cars, and the majority of 65 per cent worked for a company with no more than 300 employees. All of which is typical of the enormous wealth of data which can be analysed from the 1984 Businessman Survey, the basic report of which is now available. This is the seventh in a series of surveys commenced in 1973. Based on an universe of approximately 800,000 businessmen, it is designed to measure their leadership of daily and Sunday newspapers and of over 60 magazines. It also provides a unique, accurate and highly detailed insight into the working and personal lifestyles of the contemporary British businessman, including: income, job status, family background, personal financial investments, air travel, credit card ownership, car ownership, press readership, TV watching habits. To: BMRC Secretariat, c/o Research Services Ltd, Station House, Harrow Road, Wembley, Middlesex HA9 6DE. Telephone: 01-903 1399 Telex: 923755. Please send me... copy/copies of the 1984 Businessman Survey at £60 for the first copy, £30 for further copies including postage and packaging. NAME, COMPANY, ADDRESS, CHEQUE ENCLOSED, PLEASE INVOICE ME, PLEASE TICK.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 7.

Table listing international bond issues with columns for Country, Issuer, Maturity, Price, and Yield. Includes sections for U.S. Dollar, Sterling, Deutsche Mark, Swiss Franc, and Japanese Yen.

Table listing international bond issues with columns for Country, Issuer, Maturity, Price, and Yield. Includes sections for Other Sterling, Other Dollar, Other Swiss Franc, Other Japanese Yen, and Other Deutsche Mark.

Novel pricing for Atlantic Federal \$100m floater

Atlantic Federal Savings and Loan of the U.S. launched a \$100m floating rate note yesterday with a novel pricing structure tied to the U.S. Government's cost of borrowing. The ten-year issue, which is led by Bancque Paribas, Goldman Sachs and Lehman Brothers...

Colombia seeks \$200m credit

Colombia is raising a credit of up to \$200m in the Euromarkets to refinance the debts of its state marketing agency for agricultural products Idema. The seven-year deal, which is led by Chase Manhattan, bears interest at a margin of 1 1/2 per cent over U.S. prime rates...

OVER-THE-COUNTER

Table listing over-the-counter market data with columns for Stock, Sales, High, Low, Last, and Change. Includes sections for Continued from Page 20, P-O, and R-I.

Continued from Page 20

Table listing over-the-counter market data with columns for Stock, Sales, High, Low, Last, and Change. Includes sections for P-O and R-I.

Motor Cars

SAAB WE OFFER FROM AUGUST NEW 16 VALVE TURBO FROM STOCK Ring Chris Perrett 01-346 6697 BALLARDS OF FINCHLEY

Residential Property

BLUE, INVITING and set at tended lawns, the private pools at each of our small luxury developments can be available to you in 3 weeks from now.

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CONTRACT HIRE

Fiesta 1300L, Escort 1300L, Orion 1300L, Maestro 1300L, Cavalier 1.6i Saloon

Rentals

AMERICAN EXECUTIVES seek Luxury Furnished Flats or Houses up to £550 per week.

Company Notices

BANQUE NATIONALE DE PARIS U.S. \$400,000,000 Floating Rate Notes 1984 due 1995

STAFFORDSHIRE LEASING

Fiesta 1100L, Escort 1.3, Escort 1.6 Diesel Estate, Escort 1.6 LS, Maestro 1.6L, Cavalier 1.6L, Escort 2.0 Van, Metro Van

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RESIDENTIAL PROPERTY

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PAN-HOLDING

Societe Anonyme Luxembourg The consolidated net asset value as of July 31 1984